

# Staff Report

for the Board of Directors' Meeting of August 12, 2020

**TO:** Board of Directors  
**FROM:** Marvin Davis, MBA, CPA, Finance Manager/Treasurer  
**DATE:** August 5, 2020  
**SUBJECT:** 2020A Refunding Revenue Bonds

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***FINANCE***

## **RECOMMENDATION:**

Approve NID Resolution No. 2020-19 (Authorizing the Execution and Delivery of an Installment Purchase Agreement) and NID Joint Powers Authority Resolution No. 2020-20 (Authorizing the Issuance of Revenue Bonds), and authorize the General Manager to execute the appropriate documents necessary for 2020A Revenue Bonds issuance.

## **BACKGROUND:**

At the April 8, 2020 Board meeting, the Board requested that staff provide an analysis on financial market volatility and potential debt refunding opportunities. Staff secured the services of Fieldman, Rolapp and Associates, Inc. (FRA) to assist with the presentation and refunding analysis of the District's outstanding debt. FRA were the financial advisors on the District's prior two bond issuances. Due to this firm's knowledge of the District's financial operations, the District contracted with this firm to assist with the refunding.

At the May 13, 2020 Board meeting, staff and FRA presented a financial market analysis and discussion of the District's current outstanding debt (2016A Revenue Bonds, 2011A Revenue Bonds, State of California Loan). The Board directed staff to implement refunding of the 2011A Bonds and staff estimated a completion date around September 2020.

The proceeds of the 2020A Bonds are solely for the purpose of refunding the outstanding 2011A Bonds. The transaction team (see attachment J) estimates annual savings of approximately \$238,000 and total present value savings of approximately \$3.5 million (see attachment E Good Faith Estimates).

## Debt Management Policy

Government Code § 8855 requires adoption of a debt management policy prior to issuance of the bonds. The transaction team, including District counsel, recommends the new policy (see attachment D) in compliance with the statute. Staff received continuing disclosure requirement training to ensure full compliance with all federal securities laws.

## 2020A Revenue Bonds

The 2020A Bonds will be in denominations of \$5,000 with the earliest possible call date of September 1, 2029, subject to change based on market conditions. The bonds amortize by repayment of principal or par value of \$15,905,000 from March 1, 2021 to March 1, 2036, along with cumulative semi-annual interest payments estimated at \$3,248,756 (see attachment E Good Faith Estimates). The bonds are offered through a public competitive sales process according to the District's historical practice. Similar to other outstanding bonds, the refinancing is through a refunding approach. Please see attachment F Official Notice of Sale for additional details.

## Water Rate Covenant

As part of this issuance, the District must maintain net revenues at least equal to 125% of total debt service requirements when measured at the beginning of the fiscal year budgeting cycle. Historical and current projections of this metric reveals a healthy debt service ratio of more than 275%. As District water revenues continue to fluctuate, future rate development will require close monitoring and evaluation. Please see attachment A Preliminary Official Statement for additional information.

## Official Statement

As required under federal securities law, the District and NID Joint Powers Authority have prepared an Official Statement describing the 2020A Bonds, the District and other material information. The District ensures the information in the Official Statement is accurate, not misleading and contains all material information. If members of the Board have specific concerns, District and Bond Counsel can assist staff with these responses.

## Cost of Issuance

Based on current market conditions, the District will borrow \$15,905,000 and repay \$19,153,755 over a 15-year period at an effective borrowing rate or true interest cost (TIC) of 1.33% with an average coupon rate of 2.59%, see attachment F. If the District elects not to refund its outstanding 2011A Bonds, it would repay a total of \$23,008,890 over this same period. Excluding the Underwriters' Discount, the cost of issuance is estimated at \$200,000.

The TIC is the actual cost of issuing a bond, taking into account the present value (time value) of money. It is the rate of interest, compounded semiannually that discounts future payments of principal and interest equal to the original purchase price. Due to the Board's rate setting practices and cash reserve policies, we anticipate that Standard & Poor's analysis will affirm AA+ rating for the new bonds, however, such review is subject to the credit review and discussion. In addition, due to the District's strong bond rating, no reserve fund or restricted reserves are required.

The amortization schedule for the bonds, located on page 4 of attachment F, forecast annual debt service requirements. Staff has incorporated this new debt service level into the District's overall leverage to arrive at the Debt Service Coverage (DSC) Ratio included in the preliminary official statement (see attachment A). In addition, this estimated debt service levels is incorporated in the District's other long-term financial forecast and upcoming 2021 budget document.

### Strategic Goal

Refunding of the District's outstanding 2011A Bonds achieves Goal Number 1 of the District's Strategic Plan by demonstrating proactive management of our financial resources.

### **BUDGETARY IMPACT:**

\$0 for 2020 and savings of approximately \$238,000 annually.

### Attachments:

- A. Preliminary Official Statement
- B. Installment Purchase Agreement
- C. Indenture of Trust
- D. Debt Management Policy
- E. Good Faith Estimates
- F. Official Notice of Sale
- G. Bond Counsel Engagement Letter
- H. Resolution No 2020-19 of Nevada Irrigation District
- I. Resolution No 2020-01 of the Nevada Irrigation District JPA
- J. Primary Parties to the Transaction & Financing Schedule
- K. Continuing Disclosure Certificate

**PRELIMINARY OFFICIAL STATEMENT DATED AUGUST \_\_, 2020**

**NEW ISSUE – BOOK-ENTRY ONLY**

**RATING: See the caption “RATING”**

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

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**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A**

**Dated: Date of Delivery**

**Due: March 1, as shown on inside cover**

The Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2020A are being issued by the Authority pursuant to an Indenture of Trust, dated as August 1, 2020, by and between the Authority and U.S. Bank National Association, as trustee, and will be payable from the sources described herein. The 2020A Bonds are being issued: (i) to refund the outstanding Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A; and (ii) to pay the costs of issuing the 2020A Bonds.

Interest due on the 2020A Bonds is payable semiannually on March 1 and September 1 of each year, commencing March 1, 2021. The 2020A Bonds are being issued in fully registered book-entry form and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the 2020A Bonds. Individual purchases will be in principal amounts of \$5,000 and integral multiples thereof. Payments of principal of and interest on the 2020A Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the 2020A Bonds.

**The 2020A Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity as described in this Official Statement.**

The 2020A Bonds are limited obligations of the Authority. The 2020A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2020A Installment Payments received by the Authority from the District pursuant to an Installment Purchase Agreement, dated as of August 1, 2020, by and between the District and the Authority. The obligation of the District to make the Series 2020A Installment Payments is a special obligation of the District payable solely from Net Revenues of the District’s Water System and certain hydroelectric facilities on a parity with the obligation of the District to make installment payments outstanding in the aggregate principal amount of \$17,845,000 pursuant to the Series 2016 Installment Purchase Agreement and the scheduled payments under a loan contract with the State of California Department of Public Health.

The District has covenanted not to incur additional obligations payable from Net Revenues senior to the Series 2020A Installment Payments. The District may incur additional obligations payable from Net Revenues on a parity with the Series 2020A Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement.

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2020A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2020A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY WITHIN THE MEANING OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.**

**MATURITY SCHEDULE**  
(See inside front cover)

THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2020A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE GENERAL FUND AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of the 2020A Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used and not defined on the cover of this Official Statement have the meanings ascribed thereto in this Official Statement.

*The 2020A Bonds were awarded on August \_\_, 2020, as set forth in the Official Notice of Sale dated August \_\_, 2020. The 2020A Bonds will be offered when, as and if delivered and received by the Underwriter, subject to approval as to legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority and the District by Minasian, Meith, Soares, Sexton & Cooper, LLP, Oroville, California, their General Counsel, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel and for the Trustee by its counsel. The 2020A Bonds will be available for delivery through the facilities of The Depository Trust Company on or about September \_\_, 2020.*

Dated: September \_\_, 2020

\* Preliminary, subject to change.

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

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**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A**

**MATURITY SCHEDULE  
BASE CUSIP<sup>†</sup> \_\_\_\_\_**

<i><b>Maturity (March 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>	<i><b>Yield</b></i>	<i><b>Price</b></i>	<i><b>CUSIP<sup>†</sup></b></i>
	\$	%	%	%	

\$ \_\_\_\_\_ % Term 2020A Bonds Due March 1, 20\_\_ – Yield \_\_%, Price \_\_%, CUSIP<sup>†</sup>

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\* Preliminary, subject to change.

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NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OR SALE OF THE 2020A BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BY ANY SALE OF THE 2020A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE 2020A BONDS.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement:

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

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Net Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the District for future operations of the Water System; (c) statements of future economic performance of the Water System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement, including without limitation statements under Appendix A—"INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT," regarding the District's financial position, business strategy, capital resources and plans and objectives for future operations of the Water System, are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Statements of important factors (collectively, the "Cautionary Statements") that could cause actual results to differ materially from expectations of the District are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the District or person acting on behalf of the District are expressly qualified in their entirety by the Cautionary Statements.

This Official Statement is submitted in connection with the sale of the 2020A Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

In connection with the offering of the 2020A Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the 2020A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2020A Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

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

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

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**BOARD OF DIRECTORS OF THE DISTRICT AND THE AUTHORITY**

Ricki Heck, President  
Chris Bierwagen, Vice President  
W. Scott Miller, Director  
Laura L. Peters, Director  
Nick Wilcox, Director

**DISTRICT OFFICERS**

Greg Jones, Interim General Manager  
Kris Stepanian, Board Secretary  
Marvin V. Davis, Finance Manager and Treasurer

**GENERAL COUNSEL TO THE DISTRICT AND THE AUTHORITY**

Minasian, Meith, Soares, Sexton & Cooper, LLP  
Oroville, California

**BOND AND DISCLOSURE COUNSEL**

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

**MUNICIPAL ADVISOR**

Fieldman, Rolapp & Associates, Inc.  
Irvine, California

**TRUSTEE**

U.S. Bank National Association  
San Francisco, California

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**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A**

**INTRODUCTION**

**General**

This Official Statement provides information concerning the issuance of the Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2020A (the “2020A Bonds”) pursuant to an Indenture of Trust, dated as of August 1, 2020 (the “Indenture”), by and between the Nevada Irrigation District Joint Powers Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). See the caption “THE 2020A BONDS.”

**Purposes of the 2020A Bonds**

The 2020A Bonds are being issued: (i) to refund all of the outstanding Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A (the “2011A Bonds”), as described under the caption “REFUNDING PLAN;” and (ii) to pay the costs of issuing the 2020A Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS.”

**Authority for Issuance**

The 2020A Bonds are being issued under the Indenture, the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “State”) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State, as amended.

**Sources of Payment for the 2020A Bonds**

The 2020A Bonds are limited obligations of the Authority. The 2020A Bonds are payable solely from Authority Revenues and certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments (the “Series 2020A Installment Payments”) received from the Nevada Irrigation District (the “District”) pursuant to an Installment Purchase Agreement, dated as of August 1, 2020 (the “Installment Purchase Agreement”), by and between the District and the Authority. See the caption “SECURITY FOR THE 2020A BONDS.”

**NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2020A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2020A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.**

**Sources of Payment for the Series 2020A Installment Payments**

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Series 2020A Installment Payments as the purchase price for certain capital improvements described in the Installment

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\* Preliminary, subject to change.

Purchase Agreement. The obligation of the District to make the Series 2020A Installment Payments is a special obligation of the District payable solely from the General Fund and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System, including certain hydroelectric facilities, will be received by the District in trust thereunder and will be deposited when and as received in the General Fund, which fund the District has agreed and covenanted to maintain so long as any Series 2020A Installment Payments remain unpaid.

All amounts on deposit in the General Fund have been irrevocably pledged to the payment of the Series 2020A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the General Fund for the payment of the Series 2020A Installment Payments and all other parity Contracts, Obligations and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The District will, from the moneys in the General Fund, pay all Maintenance and Operation Costs (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required. All remaining moneys in the General Fund (the “Net Revenues”) will be set aside by the District as set forth in the Installment Purchase Agreement to pay the Series 2020A Installment Payments, Series 2016 Installment Payments and other parity Contracts and Bonds. See the caption “SECURITY FOR THE 2020A BONDS.”

The obligation of the District to make the Series 2020A Installment Payments from Net Revenues is payable on a parity with the obligation of the District: (i) to make approximately \$17,845,000 outstanding aggregate principal amount of payments (the “Series 2016 Installment Payments”) from Net Revenues under that certain Installment Purchase Agreement, dated as of April 1, 2016 (the “2016 Installment Purchase Agreement”), by and between the District and the Authority; and (ii) a portion of the scheduled payments under a loan contract with the State of California Department of Public Health (collectively, the “Parity Contracts”). See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the captions “Outstanding Indebtedness” and “Projected Operating Results and Debt Service Coverage.”

### **Rate Covenant**

To the fullest extent permitted by law, the District will fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year (as such terms are defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”). Failure to produce Net Revenues equal to one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the District complies with the covenant described above at the commencement of the succeeding Fiscal Year. Such failure may, however, affect the ability of the District to issue Bonds or incur Contracts payable from Net Revenues on a parity with the Series 2020A Installment Payments. See the caption “SECURITY FOR THE 2020A BONDS—Rate Covenant Securing the Series 2020A Installment Payments.”

## **No Reserve Fund**

No reserve fund has been established in connection with the issuance of the 2020A Bonds.

## **Additional Parity Obligations**

The District has covenanted not to incur additional obligations payable from Net Revenues senior to the Series 2020A Installment Payments. The District may incur additional obligations on a parity with the Series 2020A Installment Payments, subject to the terms and conditions described under the caption “SECURITY FOR THE 2020A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations.”

## **Nevada Irrigation District**

The District, an irrigation district established in 1921, encompasses approximately 287,000 acres situated primarily in Nevada and Placer counties. While the District was originally formed to provide irrigation water to landowners, the District currently derives approximately 68% of the District’s water sales revenues from the sale of treated water to residential, commercial, industrial and other customers.

The District owns and operates seven hydroelectric powerhouses through several hydroelectric facilities that include (i) the Yuba-Bear Hydroelectric Project (FERC Project No. 2266) (the “Yuba-Bear FERC Project”), which includes the Rollins Development and the Bowman Development, (ii) the Combie Project, which consists of the Combie North Power Project and the Combie South Power Project, and (iii) the Scotts Flat Project. The output from Yuba-Bear FERC Project powerhouses and the Combie North Project powerhouse is sold to Pacific Gas & Electric Company (“PG&E”) under certain contractual arrangements. The output of the Combie South Project powerhouse is sold to the City of Lodi via a contractual arrangement with the Northern California Power Agency. Output from the Scotts Flat Project powerhouse is used to offset District power utility expenses under the Renewable Energy Self Generation Bill Credit Transfer Program (“RES-BCT”) Program. The District has a rated aggregate generation capacity of 82.2 megawatts for its seven hydroelectric powerhouses.

In 2019, PG&E entered into bankruptcy which it has attributed to the potential magnitude of PG&E’s liabilities related to wildfires in Northern California. On June 20, 2020, the Bankruptcy Court confirmed PG&E’s Chapter 11 Plan of Reorganization, determining that the plan met the necessary requirements for confirmation under the Bankruptcy Code. On July 1, 2020, PG&E and its related entities emerged from bankruptcy. For a discussion of the bankruptcy proceedings and the impact of the PG&E bankruptcy on the District, see the caption “INVESTMENT CONSIDERATIONS – PG&E Bankruptcy” herein.

Revenues from the District’s hydroelectric facilities are pledged to payment of the Series 2020A Installment Payments. For a description of the District’s hydroelectric facilities, see the caption “—Hydroelectric System Revenues” in Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT.”

The District serves residents and landowners primarily in portions of Nevada and Placer counties, which are located in the foothills of the Sierra Nevada Mountains. District headquarters are in Grass Valley, California, which is approximately 60 miles northeast of Sacramento, California and approximately 150 miles northeast of San Francisco, California. The District also serves residents of a small portion of Yuba County. The District provides treated water for residential, municipal and industrial purposes to approximately 19,500 connections and agricultural irrigation water to approximately 5,485 connections. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT.”

## **The Authority**

The Authority is a joint exercise of powers agency organized under the provisions of State law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State (the “Act”) and a Joint Exercise of Powers Agreement, dated as of November 1, 2011 (the “Joint Powers Agreement”), by and between the District and the California Municipal Finance Authority (“CMFA”), to provide for the financing and refinancing of capital improvement projects of the District by exercising the powers referred to in the Joint Powers Agreement, and any other transaction authorized by law. Under the Act and the Joint Powers Agreement, the Authority has the power to issue bonds to pay the costs of public capital improvements. See the caption “THE AUTHORITY.” The Board of Directors of the Authority consists of the members of the Board of Directors of the District (the “Board”).

## **Professionals Involved in the Offering**

The 2020A Bonds are offered when, as and if issued, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority and the District by Minasian, Meith, Soares, Sexton & Cooper, LLP, Oroville, California, their General Counsel, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Trustee by its counsel. Fieldman, Rolapp & Associates, Inc., Irvine, California is acting as municipal advisor to the District.

U.S. Bank National Association will act as Trustee with respect to the 2020A Bonds.

## **Other Information About this Official Statement**

There follows in this Official Statement (and attached appendices) a brief description of the 2020A Bonds, the security for the 2020A Bonds, the District, the Authority and certain other information relevant to the issuance of the 2020A Bonds. The descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document.

All capitalized terms used herein and not normally capitalized have the meanings assigned to them in the Indenture and the Installment Purchase Agreement, the summaries of which are included in Appendix B, unless otherwise stated in this Official Statement.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

## **REFUNDING PLAN**

### **2011A Bonds**

The Authority previously issued the 2011A Bonds, which are currently outstanding in the aggregate principal amount of \$17,145,000, pursuant to an Indenture of Trust, dated as of November 1, 2011 (the “2011A Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “2011A Trustee”). The 2011A Bonds are payable from installment payments made under that certain Installment Purchase Agreement, dated as of November 1, 2011, by and between the Authority and the District.

A portion of the proceeds of the 2020A Bonds, together with other available moneys, will be used to refund all of outstanding 2011A Bonds in the aggregate principal amount of \$17,145,000. The Authority will cause the delivery of a portion of the proceeds of the 2020A Bonds to the 2011A Trustee, and, pursuant to the

2011A Indenture, the 2011A Trustee will invest all or a portion of such proceeds, along with other available moneys], in federal securities as permitted under the 2011A Indenture. From the maturing principal of the federal securities and the other amounts held by the 2011A Trustee, the 2011A Trustee will pay on \_\_\_\_\_, 2020 (the “Redemption Date”) the principal of the 2011A Bonds plus accrued interest to the Redemption Date, without premium (the “Redemption Price”).

The amounts held and invested by the 2011A Trustee under the 2011A Indenture are pledged solely to the payment of the Redemption Price of the 2011A Bonds. Neither the funds on deposit with the 2011A Trustee nor the interest on the invested funds will be available for the payments of principal of and interest on the 2020A Bonds.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The following is an estimate<sup>(1)</sup> of the sources and uses of 2020A Bond proceeds.

Sources

Principal Amount of 2020A Bonds	\$
Amounts Held Under the 2011A Indenture	
Plus/Less Net Original Issue Premium/Discount	
<b>TOTAL</b>	<b>\$</b>

Uses

Deposit to Redemption Fund Established Under the 2011A Indenture	\$
Underwriter’s Discount	
Deposit to Costs of Issuance Fund <sup>(2)</sup>	
<b>TOTAL</b>	<b>\$</b>

<sup>(1)</sup> Amounts rounded to the nearest dollar.

<sup>(2)</sup> Includes fees for Trustee and Municipal Advisor, legal fees, printing costs, rating agency fees and other costs of delivery.

### **THE 2020A BONDS**

#### **Terms of the 2020A Bonds**

The 2020A Bonds will be issued in the aggregate principal amount of \_\_\_\_\_\* and will be dated as of the date of issuance. Interest on the 2020A Bonds is payable by check or draft of the Trustee mailed by first class mail on March 1 and September 1 of each year, commencing March 1, 2021 (each an “Interest Payment Date”). Interest on the 2020A Bonds is payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of \$1,000,000 or more in principal amount, such payment may, at such Owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any 2020A Bond will be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2020A Bonds will be payable in lawful money of the United States of America.

Interest on the 2020A Bonds will accrue at the rates per annum and will mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the 2020A Bonds will be computed based

\* Preliminary, subject to change.

on a year consisting of 360 days and twelve 30-day months. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

Principal of the 2020A Bonds is payable in lawful money of the United States of America at the Office of the Trustee in San Francisco, California.

### **Redemption of 2020A Bonds**

**Optional Redemption.** The 2020A Bonds with stated maturities on or after March 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written request provided to the Trustee and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20\_\_, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

**Extraordinary Redemption from Insurance or Eminent Domain Proceeds.** The 2020A Bonds are subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a written request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2020A Installment Payments made by the District from Net Proceeds of insurance or eminent domain, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

**Mandatory Sinking Fund Redemption.** The 2020A Bonds with stated maturities on March 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

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

\*

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\* Final Maturity.

### **Notice of Redemption**

Notice of redemption will be mailed by first class mail not less than 30 days before any Redemption Date, to the respective Owners of any 2020A Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided that such notice may be cancelled by the Authority upon written request delivered to the Trustee not less than 5 days prior to such Redemption Date. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2020A Bonds of any such maturity are to be redeemed, the serial numbers of the 2020A Bonds of such maturity to be redeemed by giving the individual number of each 2020A Bond or by stating that all 2020A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2020A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said 2020A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2020A Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will

require that such 2020A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2020A Bond. Notice of redemption of 2020A Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of 2020A Bonds, such notice will state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2020A Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such 2020A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

### **Selection of 2020A Bonds for Redemption**

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

### **Partial Redemption of Bonds**

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

### **Effect of Redemption of Bonds**

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

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

### **Book-Entry Only System**

One fully-registered 2020A Bond for each maturity will be issued in the principal amount of such 2020A Bond. Such 2020A Bonds will be registered in the name of Cede & Co. and will be deposited with DTC.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2020A Bonds will be printed and delivered and will be



governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the 2020A Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D hereto for additional information concerning DTC.

### **Transfers and Exchanges Upon Termination of Book-Entry Only System**

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

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

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

**Debt Service Schedule**

Set forth below is a table of the annual Series 2020A Installment Payments and parity obligations.

**NEVADA IRRIGATION DISTRICT  
Installment Payment Schedule**

<i>Period Ending (December 31)</i>	<i>Series 2020A Installment Payments</i>			<i>Parity Contracts<sup>(1)</sup></i>	<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>		
2020	\$	\$	\$	\$ 1,718,803.00	\$
2021				1,721,178.00	
2022				1,721,803.00	
2023				2,451,928.00	
2024				2,450,553.00	
2025				2,455,178.00	
2026				2,450,678.00	
2027				2,451,928.00	
2028				2,453,553.00	
2029				2,450,428.00	
2030				2,448,178.00	
2031				2,354,021.00	
2032				-	
2033				-	
2034				-	
2035				-	
2036				-	
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$ 27,128,229.00</b>	<b>\$</b>

<sup>(1)</sup> Reflects scheduled Series 2016 Installment Payments and scheduled payments under a loan contract with the State of California Department of Public Health. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the captions “Outstanding Indebtedness” and “Projected Operating Results and Debt Service Coverage.” Source: District.

**SECURITY FOR THE 2020A BONDS**

**General**

Pursuant to the Indenture, the Authority, for good and valuable consideration, has unconditionally and irrevocably assigned and pledged to the Trustee without recourse all of its rights to receive the Authority Revenues and to enforce the Installment Purchase Agreement upon an event of default thereunder for the benefit of the Owners of the 2020A Bonds, for the purpose of securing: (a) the payment of the principal of and the interest and premium on the 2020A Bonds under the terms of the Indenture; and (b) all of the rights, title, and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the 2020A Bonds, subject to the terms of the Indenture, and excepting therefrom any rights to indemnification or to receive notices thereunder.

The 2020A Bonds are limited obligations of the Authority. The 2020A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2020A Installment Payments received from the District

pursuant to the Installment Purchase Agreement. See the caption “—Revenue Pledge Securing the Series 2020A Installment Payments.”

The 2020A Bonds do not constitute a charge against the general credit of the Authority. The 2020A Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Installment Purchase Agreement and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the 2020A Bonds. The Authority has no taxing power. The 2020A Bonds do not constitute a debt, liability or obligation of the State or any public agency thereof (other than the Authority) or any member of the Authority within the meaning of any State constitutional or statutory provision.

### **Revenue Pledge Securing the Series 2020A Installment Payments**

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Series 2020A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2020A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE GENERAL FUND AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System, including certain hydroelectric facilities, will be received by the District in trust thereunder and will be deposited when and as received in the General Fund, which fund the District has agreed and covenanted to maintain so long as any Series 2020A Installment Payments remain unpaid.

All amounts on deposit in the General Fund have been irrevocably pledged to the payment of the Series 2020A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the General Fund for the payment of the Series 2020A Installment Payments and all other parity Contracts, Obligations and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The District will, from the moneys in the General Fund, pay all Maintenance and Operation Costs (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required. The Net Revenues will be set aside by the District as set forth in the Installment Purchase Agreement to pay the Series 2020A Installment Payments and parity Contracts, Obligations and Bonds. See the caption “SECURITY FOR THE 2020A BONDS.”

The obligation of the District to make the Series 2020A Installment Payments from Net Revenues is payable on a parity with the obligation of the District: (i) to make approximately \$17,845,000 outstanding aggregate principal amount of Series 2016 Installment Payments from Net Revenues under the 2016 Installment Purchase Agreement; and (ii) the scheduled payments under a loan contract with the State of California Department of Public Health. See Appendix A—“INFORMATION RELATING TO NEVADA

IRRIGATION DISTRICT” under the captions “Outstanding Indebtedness” and “Projected Operating Results and Debt Service Coverage.”

***District Revenues.*** The term “Revenues” means: (1) all Water System Revenues (as such term is defined below under the caption “—Water System Revenues”); (2) all hydroelectric revenues received by the District from the Scotts Flat Project, Combie Project, and the Yuba-Bear FERC Project (which includes the Bowman Development and the Rollins Development); (3) any amounts received as the District’s share of Nevada County’s and Placer County’s levy of property tax on property within the District; (4) the net proceeds of a governmental taking of the Scotts Flat Project, Bowman Development, Combie Project, Rollins Development and the Yuba-Bear FERC Project; (5) all assessments received by the District from Edgewood Road Improvement District, Improvement District No. 18; and (6) any and all other amounts not restricted by statute or otherwise pledged to pay bonds, contracts or obligations issued or executed by the District with respect to Separate Facilities (as such term is defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”) and to which no moneys described in clauses (1) to (5) hereof are pledged to the payment thereof.

***Water System Revenues.*** The term “Water System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System (including the hydroelectric system of the District), calculated in accordance with Generally Accepted Accounting Principles applicable to governmental entities, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges (including standby charges), insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys (including, without limitation, investment earnings on the Operating Reserves) to the extent that the use of such earnings and income is limited to the Water System by or pursuant to law; and (3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Water System or other property of the District (excluding the proceeds of leases of property used in the generation of electric power), but excluding in all cases customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District.

#### **Rate Covenant Securing the Series 2020A Installment Payments**

To the fullest extent permitted by law, the District will fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year (as such terms are defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”). The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the foregoing requirements.

Under the Installment Purchase Agreement, so long as the District has complied with its obligations described above, failure to produce Net Revenues equal to one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the District complies with the covenant described above at the commencement of the succeeding Fiscal Year. Such failure may, however, affect the ability of the District to issue Bonds or incur Contracts payable from Net Revenues on a parity with the Series 2020A Installment Payments.

#### **Limitations on District Parity and Superior Obligations; District Subordinate Obligations**

***Additional Obligations Superior to Series 2020A Installment Payments.*** The District has covenanted in the Installment Purchase Agreement that it will not, so long as any Series 2020A Installment Payments are

outstanding, issue or incur any obligations payable from the Revenues superior to the Series 2020A Installment Payments.

***Additional Contracts and Bonds on a Parity with Series 2020A Installment Payments.*** The District may at any time execute any Contract or issue any Bonds (as such terms are defined in the Installment Purchase Agreement), as the case may be, in accordance with the Installment Purchase Agreement; provided that:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, produces a sum equal to at least 125% of the Debt Service due in such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, including adjustments to give effect to increases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Consultant on such calculation on file with the District, produces a sum equal to at least (a) 125% of the Debt Service due in such Fiscal Year plus (b) the Debt Service which would have been payable had such Contract been executed or Bond been issued at the beginning of such Fiscal Year, plus (c) the Debt Service which would have been payable on any other Contract or Bond executed and delivered or issued after such Fiscal Year; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation (as defined in the Installment Purchase Agreement) of any uncompleted Project, as evidenced by a certificate on file with the District, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate on file with the District, produces a sum equal to at least 125% of the estimated Debt Service for each of such Fiscal Years; after giving effect, in either case, to the execution of all Contracts and the issuance of all Bonds (as such term is defined in the Installment Purchase Agreement) estimated to be required to be executed or issued to pay the costs of completing all uncompleted projects, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contracts or Bonds last executed or then being executed or issued.

***Subordinate Obligations.*** The District may at any time issue evidence of indebtedness or incur other obligations for any lawful purpose that are payable from and secured by a lien on Revenues or moneys in the General Fund as may from time to time be deposited therein subordinate to the Series 2020A Installment Payments.

#### **No Reserve Fund**

No reserve fund has been established in connection with the issuance of the 2020A Bonds.

### **INVESTMENT CONSIDERATIONS**

*The following information, in addition to the other matters that are described in this Official Statement, should be considered by prospective investors in evaluating the 2020 Bonds. However, the following does not purport to be comprehensive, definitive or an exhaustive listing of risks and other*

*considerations that may be relevant to making an investment decision with respect to the 2020 Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks. If any risk factor materializes to a sufficient degree, it alone could delay or preclude payment of principal or interest on the 2020 Bonds.*

### **Accuracy of Assumptions**

To estimate the Net Revenues which will be available to pay the Series 2020A Installment Payments and the 2020A Bonds, the District has made certain assumptions with regard to various matters, including but not limited to future development within the District, increases in property tax receipts and increases in revenues resulting therefrom, the rates and charges to be imposed in future years, the expenses associated with operating the Water System and the District's hydroelectric facilities and the interest rate at which funds will be invested. The District believes these assumptions to be reasonable, but to the extent that any of such assumptions fail to materialize, the Net Revenues available to pay the Series 2020A Installment Payments and the 2020A Bonds will, in all likelihood, be less than those projected herein. See the caption "Projected Operating Results and Debt Service Coverage" in Appendix A—"INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT."

### **Rate Covenant Not a Guarantee**

The Series 2020 Installment Payments are payable from Net Revenues. See "SECURITY FOR THE 2020 BONDS." The District's ability to pay the Series 2020A Installment Payments depends on its ability to generate Net Revenues at the levels required by the Installment Purchase Agreement. Although the District has covenanted in the Installment Purchase Agreement to impose rates and charges for its water service as more particularly described under the caption "SECURITY FOR THE 2020A BONDS—Rate Covenant Securing the Series 2020A Installment Payments" and expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges and amounts received from its hydroelectric operations, there is no assurance that the imposition and collection of such rates and charges or the operation of the hydroelectric facilities will result in the generation of Net Revenues in the amounts required by the Installment Purchase Agreement. No assurance can be made that Net Revenues, estimated or otherwise, will be realized by the District in amounts sufficient to pay the Series 2020A Installment Payments. Among other matters, the availability of and demand for water services, and changes in law and government regulations could adversely affect the amount of revenues realized by the District.

### **System Demand**

There can be no assurance that the demand for Water Service will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges in order to comply with the rate covenant. See the caption "SECURITY FOR THE 2020 BONDS— Rate Covenant Securing the Series 2020A Installment Payments." Demand for Water Service could be reduced or may not occur as projected by the District as a result of reduced levels of development in the District's service area, hydrological conditions, conservation efforts, an economic downturn, mandatory State conservation orders and other factors.

### **System Expenses**

There can be no assurance that the District's expenses will be consistent with the descriptions in this Official Statement. Operation and Maintenance Costs may vary with hydrological conditions, the quality and amount of water supplies, the costs of operating the hydroelectric facilities, the quality and treatment requirements of water, as well as treatment costs, regulatory compliance costs, labor costs (including costs related to pension and other post-employment benefits) and other factors. See Appendix A—"INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT —Employees and Employee Benefits." Increases in Operation and Maintenance Costs could require an increase in rates or charges in order

to comply with the rate covenant. See the caption “SECURITY FOR THE 2020A BONDS— Rate Covenant Securing the Series 2020A Installment Payments.”

### **Limited Recourse on Default**

If the District defaults on its obligation to pay the Series 2020 Installment Payments, the Trustee has the right to declare the total unpaid principal amount of the Series 2020 Installment Payments, together with the accrued interest thereon, to be immediately due and payable. However, in the event of a default and such acceleration, there can be no assurance that the District will have sufficient funds to pay such accelerated amounts from Net Revenues.

### **Limitations on Remedies Available; Bankruptcy**

The enforceability of the rights and remedies of the Owners and the obligations of the District may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

The opinion to be delivered by Bond Counsel concurrently with the issuance of the 2020A Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2020A Bonds will be similarly qualified. See Appendix C. In the event that the District fails to comply with its covenants under the Installment Purchase Agreement or fails to pay the Series 2020A Installment Payments, which secure the payments of principal and interest on the 2020A Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2020A Bonds.

### **Natural Disasters and Seismic Considerations**

*General.* The District, like much of California, is subject to unpredictable seismic activity, fires, floods, high winds, landslides or other natural disasters. A severe natural disaster, such as an earthquake, fire, flood, high wind event or landslide, could result in substantial damage to the District, including the Water System.

Although the District maintains insurance, including flood insurance for certain of its facilities, for damage to the Water System and its hydroelectric facilities as described in Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT —Insurance,” there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers. Furthermore, significant portions of the Water System, including underground pipelines and manhole covers, are not covered by property casualty insurance. Damage to such portions of the Water System as a result of natural disasters could result in uninsured losses to the District.

*Seismic Activity.* The District is located in a seismically active region. There is potential for destructive ground shaking during the occurrence of a major seismic event. In addition, land along fault lines may be subject to liquefaction during the occurrence of such an event. In the event of a severe earthquake, there may be significant damage to both property and infrastructure within the District, including the Water System and the District’s hydroelectric facilities. The District has an emergency response plan that would be implemented under such circumstances. The District is located in a generally active seismic area. The District

does not maintain earthquake insurance. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT —Insurance.”

Newer Water System facilities are designed to withstand earthquakes with minimal damage, as earthquake loads are taken into consideration in the design of project structures. The District has also undertaken a vulnerability assessment of critical Water System facilities and its hydroelectric facilities. The vulnerability assessment ranks Agency infrastructure by importance, builds redundancy into existing operations and includes contingency plans in the event of damage to District assets. The impact of lesser magnitude events is expected by the District to be temporary, localized and repairable. The Water System and the hydroelectric facilities have never sustained major damage to its facilities or experienced extended incidences of service interruptions as a result of seismic disturbances.

**Flooding.** Portions of the District are mapped within a 100-year floodplain and have potential to flood if rain events exceed the floodplain capacity. The District’s dams and hydroelectric generation facilities are located within various river courses and are subject to flooding. The District does not maintain flood insurance for its facilities. The District does maintain insurance coverage for the failure of District-owned dams.

**Fire.** Wildfires have occurred in recent years in different regions of the State. Certain of the District’s facilities are located in areas considered by the Department of Forestry and Fire Protection of the State of California to have an elevated risk of wildfires. To mitigate the risk of wildfire and the related property damage, the District coordinates with local emergency agencies. The District does not currently have a wildfire emergency response plan. There can be no assurance that fires will not occur within the boundaries of the District in the future, leading to decreased usage of the District’s Water System resulting in a decline in Net Revenues. The District carries property insurance for fire damage. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT —Insurance.”

The District manages its equipment and implements mitigation measures with respect to the hydrological facilities in accordance with standards and requirements approved by Department of Forestry and Fire Protection of the State of California and the California Public Utilities Commission (the “CPUC”). Such measures taken by the District include, but are not limited to, using equipment that will not allow flammable energy to contact vegetation and monitoring and maintaining clearance of vegetation within a certain vicinity of equipment, and the development of a forest management plan. In addition, the District has developed a fire prevention and response plan for the Yuba-Bear FERC Project. While such plan was prepared for the Yuba-Bear FERC Project, the District has determined to apply the plan to all District facilities. See “APPENDIX A— INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT —Hydroelectric System Revenues – *Fire Prevention and Response Plan.*”

**Drought.** On April 1, 2015, for the first time in California’s history, the State Governor directed the State Water Resources Control Board to implement mandatory water reductions in cities and towns across California to reduce total water usage in the State by 25%. Such restrictions applied to the District, as described in Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT — Recent California Drought and Response.” Although most of such mandatory water reductions have since been lifted, the State has since enacted permanent restrictions on water usage. Since 2015, the District has experienced year-over-year increases in demand for treated water, but water usage has not returned to the 2015 levels, which the District attributes, in part, to customers adopting and following conservation measures that have reduced overall consumer water usage. There can be no assurance that drought conditions will not re-appear in the future, leading to decreased usage of the District’s Water System resulting in a decline in Net Revenues, or that the State’s permanent water usage restrictions will not lead to decreased usage of the District’s Water System resulting in a decline in Net Revenues.

In addition, dry weather conditions could also result in less energy from hydroelectric generation being available for sale under the District’s power purchase contracts. The District, however, does not believe



that such a decline in the availability of energy from hydroelectric generation would adversely affect the ability of the District to pay the Series 2020A Installment Payments. Under the 2013 PG&E Contract, which provides the majority of Revenue associated with the District's hydroelectric facilities, PG&E is obligated to make payments to the District based on the availability of the individual powerhouses comprising the District's hydroelectric facilities, without regard as to the actual amount of hydroelectric generation. See the captions "— Hydroelectric System Revenues — 2013 PG&E Contract" and "— Projected Operating Results and Debt Service Coverage" below.

***Climate Change.*** Climate change, including change caused by human activities, may have adverse effects on the District's Water System. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. The District considers the potential effects of climate change in its long-term resource planning. The District is currently developing its "Plan for Water," which is an update to the District's Raw Water Master Plan and a long range decision tool to guide the District's water management. The Plan for Water is a 50-year comprehensive evaluation of the potential limitations of District's available water resources and the impacts of climate change.

Projections of the impacts of global climate change on the District are complex and depend on many factors that are outside the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, while the District has considered climate change in maintaining and expanding its Water System and its hydroelectric facilities, the District is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts. While the impacts of climate change may be mitigated by the District's past and future investment in adaptation strategies, the District can give no assurance about the net effects of those strategies and whether the District will be required to take additional adaptive mitigation measures.

## **COVID-19 Pandemic**

The spread of the novel strain of coronavirus and the disease it causes (now known as "COVID-19") is having significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of, and deaths from, COVID-19 in the State, including in Nevada County and Placer County, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools. In addition, financial markets in the United States and globally have been volatile.

On March 19, 2020, Governor Newsom issued Executive Order N-33-20 which provided, among other items, that all individuals living in the State stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors. In May 2020, Governor Newsom announced a four-phase reopening plan for the State. The State is currently in the second phase, which among other things, allows for retail, logistics and manufacturing, offices and limited personal services to reopen under limited conditions. In the third stage, higher-risk workplaces such as personal car and recreational venues will be allowed to reopen (with certain modifications). In the fourth stage, larger gathering venues, such as concert venues and live audience sports will be allowed to reopen. Modifications to the phased plan will be authorized for counties which demonstrate that they have met the necessary metrics to advance to later

phases. Such metrics include stabilization of hospitalization numbers, the number of increases in positive test cases and testing capacity.

On July 13, 2020, Governor Newsom ordered the statewide closure of certain indoor businesses, including dine-in restaurants, bars, wineries, movie theaters, zoos and museums. In addition, the Governor also imposed additional restrictions on 30 counties within the State, including Placer County, requiring such counties to close gyms, places of worship, non-critical offices, personal care services, hair salons, barbershops and malls that operate indoors.

On April 27, the Nevada County Health Officer issued a stay-at-home order similar to Executive Order N-33-20 as a complement to the State order and to align with regional jurisdictions. On May 8, 2020, the Nevada County Health Officer rescinded Nevada County's stay-at-home order. Nevada County remains subject to the Governor's statewide order. Nevada County is currently in stage three of the State's re-opening framework.

On March 19, 2020, the Placer County Health Officer also issued a shelter in place order requiring residents to stay in their homes, subject to certain limited exceptions for residents engaged in essential services. The order expired on May 1, 2020; however, Placer County remains subject to the statewide order. Placer County is also in stage three of the State's re-opening framework.

In addition, on April 2, 2020, Governor Newsom signed Executive Order N-42-20 ("Order N-42-20"), which, among other things, (i) suspends the authority of water systems, such as the District, from suspending water service for non-payment, (ii) orders that residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020 be restored and (iii) provides that the SWRCB will identify best practices, guidelines, or both to be implemented during the COVID-19 emergency (a) to address non-payment or reduced payments, (b) to promote and to ensure continuity of service by water systems and wastewater systems, and (c) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress. Order N-42-20 does not eliminate the obligation of water customers to pay for water service, prevent a water system, such as the District, from charging a customer for such service, or reduce the amount a customer already may owe to a water system, such as the District. See Appendix A—"INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT- Collection Procedures."

Throughout the COVID-19 pandemic, the District has continued to deliver 100% water service to its customers and continued to generate electricity at pre-COVID-19 pandemic levels. The District has amended certain operational and administrative processes in order to maintain safe distancing among staff and public, to disinfect District workplaces, to encourage frequent handwashing, and to establish remote working and flex working opportunities for District staff.

The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the operations and finances of the District is unknown and there can be no assurance that the outbreak of COVID-19 will not affect the District's ability to pay the 2020A Bonds and the Series 2020A Installment Payments, which secure the 2020A Bonds.

### **Sustainable Groundwater Management Act**

On September 16, 2014, the State Governor signed Assembly Bill No. 1739 and Senate Bill Nos. 1168 and 1319 (collectively, the Sustainable Groundwater Management Act, or "SGMA") into law. SGMA constitutes a legislative effort to regulate groundwater on a statewide basis. Under SGMA, the California Department of Water Resources ("DWR") designated groundwater basins in the State as high, medium, low or very low priority for purposes of groundwater management. Local groundwater producers were required to

establish or designate an entity (referred to as a groundwater sustainability agency, or “GSA”), subject to DWR’s approval, to manage each high and medium priority groundwater basin. Each GSA is tasked with submitting a groundwater sustainability plan for DWR’s approval by January 31, 2020. Alternatively, groundwater producers were required to submit a groundwater management plan under Part 2.75 of the California Water Code or an analysis for DWR’s review demonstrating that a groundwater basin has operated within its sustainable yield for at least 10 years by January 31, 2017, with updates every five years thereafter.

Although the District’s does not currently pump groundwater as a source of water supply and is therefore not subject to SGMA groundwater extraction reporting requirements, there can be no assurance that the implementation of SGMA, or similar additional State legislation enacted in the future, would not affect the District’s operations.

### **Limited Obligations**

The Installment Purchase Agreement is a limited obligation of the District payable solely from Net Revenues and secured solely by the Revenues pledged in the Installment Purchase Agreement. If for any reason, the District does not collect sufficient Revenues to pay the Series 2020A Installment Payments, the District will not be obligated to utilize any other of its funds to pay the Series 2020A Installment Payments.

### **Statutory and Regulatory Compliance**

Laws and regulations governing treatment and delivery of water and the generation and sale of energy are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

Claims against the District for failure to comply with applicable laws and regulations could be significant. Such claims may be payable from assets of the District and constitute Operation and Maintenance Costs or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for municipal water systems and hydroelectric facilities such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. In addition to the other limitations described herein, the State electorate or Legislature could adopt a Constitutional amendment, legislation or an initiative with the effect of reducing revenues payable to or collected by the District. In addition, certain of the District hydroelectric facilities are subject to licensing requirements of the Federal Energy Regulatory Commission. The process of obtaining and renewing such licenses are generally a lengthy process that takes several years and requires the incurrence of significant expenses. No assurance can be given that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Net Revenues in amounts that are sufficient to pay the Series 2020A Installment Payments and the 2020A Bonds.

### **Parity Obligations**

The Installment Purchase Agreement and the Indenture permits the District to issue Bonds and enter into Contracts payable from Net Revenues on a parity with the Installment Payments, which secure the 2020A Certificates, and the 2020 Bonds, subject to the terms and conditions set forth therein. The issuance of additional Bonds and entry into Contracts could result in reduced Net Revenues available to pay the Installment Payments and the 2020 Bonds. The District has covenanted to maintain coverage of at least 125% of Debt Service, as further described under the caption “SECURITY FOR THE 2020A BONDS—Limitations on District Parity and Superior Obligations; District Subordinate Obligations.”

## **Loss of Tax Exemption**

Interest with respect to the 2020A Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date that the 2020A Bonds were issued as a result of future acts or omissions of the District in violation of its covenants in the Installment Purchase Agreement and Indenture. In addition, current and future legislative proposals, if enacted into law, may cause interest with respect to the 2020A Bonds to be subject, directly or indirectly, to federal income taxation by, for example, changing the current exclusion or deduction rules to limit the aggregate amount of interest on state and local government bonds that may be treated as tax exempt by individuals. See the caption "TAX MATTERS." Should such an event of taxability occur, the 2020A Bonds are not subject to a special prepayment and will remain outstanding until maturity.

## **Secondary Market**

There can be no guarantee that there will be a secondary market for the 2020 Bonds or, if a secondary market exists, that any 2020 Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

## **Cybersecurity**

Municipal agencies, like other business entities, face significant risks relating to the use and application of computer software and hardware. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal.

The District and its vendors employ a multi-level cyber protection scheme that includes: end-user training and education, firewalls, anti-virus software, anti-spam/malware software, intrusion protection and domain name system filtering service, Payment Card Industry ("PCI") best practices and PCI annual audits. The District regularly analyzes the network construct for potential weaknesses in cybersecurity and thereafter, promptly implements solutions for identified shortfalls. In addition, the District contracts with third-party vendors to monitor and augment internal monitoring of the District's computer systems. To date, the District has not experienced an external attack on its network systems resulting in a data breach. District staff is regularly trained in cybersecurity awareness to spot potential scams or phishing schemes. However, there can be no assurance that a future attack or attempted attack would not result in disruption of District operations. The District expects that any such disruptions would be temporary in nature.

## **PG&E Bankruptcy**

*The following statements in this section regarding PG&E's financial condition, potential wildfire liabilities, and its actions and developments in connection with PG&E's voluntary bankruptcy filing have been obtained from public sources that the District believes to be reliable, but such statements have not been independently verified by the District and the District assumes no responsibility for the accuracy or completeness thereof. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Additional information regarding the PG&E bankruptcy proceedings is available in the public domain, and potential purchasers of the 2020A Bonds interested in obtaining a more current and complete understanding of the ongoing developments in such proceedings should review the publicly available filings in the proceedings and other publicly available information regarding the PG&E bankruptcy. Such information is not incorporated herein by reference.*

On January 29, 2019, PG&E and PG&E Corporation (collectively, the “PG&E Entities”) filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code (the “Bankruptcy Code”). A Chapter 11 case under the Bankruptcy Code may be utilized by businesses to accomplish either a restructuring and/or a liquidation.

Following their bankruptcy filing, and with the approval of the United States Bankruptcy Court for the Northern District of California (the “Bankruptcy Court”), the PG&E Entities have continued to operate both their gas and electric systems. The PG&E Entities obtained, and the Bankruptcy Court approved, their access to approximately \$5.5 billion in secured debtor-in-possession financing from a consortium of lenders to provide liquidity to the PG&E Entities to fund their ongoing operations during the Chapter 11 process.

As discussed in Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the caption “Hydroelectric System Revenues – 2013 PG&E Contract,” the District has several power purchase agreements with PG&E, including the 2013 PG&E Contract, that generate a significant proportion of the Revenues attributable to the District’s hydroelectric operations. In addition, the District has an agreement with PG&E to purchase supplemental water. PG&E’s Chapter 11 Plan of Reorganization affirmed the District’s power purchase agreements with PG&E. PG&E continued to make timely payments pursuant to the power purchase agreements during the post-bankruptcy petition period.

The District asserted several claims, totaling approximately \$121,442, in the PG&E Bankruptcy proceeding for pre-petition debts owed to the District under certain of the power purchase agreements with PG&E and certain contracts with PG&E for the use of District water in connection with PG&E’s power generation operations. PG&E’s Chapter 11 Plan of Reorganization provides for payment in full of the District’s claims. As of the date of this Official Statement, PG&E has made one payment to the District relating to the District’s pre-petition claims in the amount of \$10,271.01.

In their bankruptcy filings, the PG&E Entities indicated that their voluntary bankruptcy filings were initiated to address extraordinary financial challenges. These are largely attributed to the potential liabilities associated with a number of wildfires which occurred in Northern California in 2017 and 2018. In their Form 8-K filing with the Securities and Exchange Commission (the “SEC”) (date of report: January 13, 2019) reporting their intent to file voluntary bankruptcy, the PG&E Entities estimated that if they were found liable for certain or all of the costs, expenses and other losses with respect to the 2017 and 2018 Northern California wildfires, the amount of such liability (exclusive of potential putative damages, fines and penalties or damages related to future claims) could exceed \$30 billion. Senate Bill 901, which was enacted by the State legislature in September 2018, addresses a portion of the liabilities that the PG&E Entities face in connection with the 2017 wildfires. That legislation, however, expressly excludes any similar relief for wildfires occurring in 2018. Assembly Bill 1054 (“AB 1054”), which was enacted by the legislature in July 2019 addresses certain liabilities for eligible future wildfire costs but will not cover any liabilities arising from previous 2017 and 2018 wildfires.

In late 2019, the PG&E Entities filed a reorganization plan with the Bankruptcy Court, which provides for an exit from bankruptcy prior to the June 30, 2020 deadline established by AB 1054. The PG&E Entities’ reorganization plan has continued to be subsequently revised and updated to reflect ongoing developments. Most recently, on March 20, 2020 Governor Newsom announced his support of the PG&E Entities’ reorganization plan with certain changes agreed to be made by the PG&E Entities, stating that it would meet the requirements of AB 1054 if approved by the CPUC and Bankruptcy Court. Additional commitments made by PG&E as of March 20, 2020, include an agreement, that in the event the PG&E Entities’ reorganization plan is not confirmed by June 30, 2020, or PG&E does not exit bankruptcy by December 31, 2020, an orderly process for the sale of the business to the State or another party will be commenced. On March 25, 2020, the Bankruptcy Court authorized the PG&E Entities to

distribute a supplement to its reorganization plan disclosure statement reflecting the agreed upon changes to the plan. Before the plan of reorganization can be confirmed by the Bankruptcy Court, it is required to be submitted to a vote by those creditors whose claims are “impaired” under the plan (i.e., the plan does not provide for such claims to be repaid in full or to otherwise remain fully enforceable). PG&E began mailing voting materials on March 31, 2020 to approximately 250,000 parties who are eligible to vote on the plan of reorganization. The deadline for eligible parties to vote on the PG&E Entities’ reorganization plan occurred on May 15, 2020. The results of the vote were certified to the Bankruptcy Court by May 22, 2020. Additionally, as the primary state regulator of PG&E, the review and approval by the CPUC of the PG&E Entities’ reorganization plan is required. The CPUC approved the PG&E Entities’ reorganization plan at its May 28, 2020 meeting. On June 20, 2020, the Bankruptcy Court confirmed PG&E’s Chapter 11 Plan of Reorganization, determining the plan meets the necessary requirements for confirmation under the Bankruptcy Code. On July 1, 2020, the PG&E Entities emerged from bankruptcy.

Notwithstanding PG&E’s recent emergence from bankruptcy, the PG&E Entities’ bankruptcy proceedings could have broader effects on the electric markets generally. It is possible that one or more other entities may ultimately assume or acquire all or a portion of PG&E’s operations and activities in the future. Several public agencies submitted non-binding indications of interest to the PG&E Entities to purchase a portion of PG&E’s electric transmission and distribution assets in connection with the PG&E Entities’ bankruptcy proceedings, although the PG&E Entities generally rejected such offers. Legislation signed by the Governor on June 30, 2020 (Senate Bill 350), authorizes the creation of a non-profit public benefit corporation for the purpose of owning, controlling, operating or managing electrical and gas services for its ratepayers and for the benefit of all Californians, which non-profit public benefit corporation could acquire PG&E under specified circumstances in the future. Among other things, the legislation authorizes the CPUC to petition a court to appoint a receiver to assume possession of PG&E’s property and to operate its electric and gas systems if the CPUC determines in a proceeding that the appointment of a receiver is warranted pursuant to the enhanced safety and enforcement processes or procedures set forth in the CPUC’s decision approving PG&E’s reorganization plan. The legislation also authorizes the non-profit benefit corporation to commence an eminent domain action to acquire PG&E’s property if the CPUC determines that PG&E’s certificate of public convenience and necessity for the provision of electrical or gas service should be revoked pursuant to any processes or procedures adopted by the CPUC in its decision approving PG&E’s reorganization plan.

There remain a number of uncertainties surrounding the PG&E Entities’ emergence from bankruptcy, including various ongoing subsidiary disputes among the PG&E Entities and their creditors. The PG&E Entities’ bankruptcy proceedings thus remain ongoing, and the final outcome is not yet known. As a result, the District is unable to predict the full effects of the PG&E Entities’ bankruptcy proceedings on the District’s hydroelectric operations.

### **Impact of Precipitation on the Hydroelectric Facilities Output**

The total combined capacity of the District’s hydroelectric facilities is 82.2 megawatts. The electric output capability of the District’s hydroelectric facilities in any specific year is impacted by the amount of precipitation, and as result, the actual electric output generated by the hydroelectric facilities will vary from year-to-year. Under the 2013 PG&E Contract, PG&E is obligated to make payments to the District based on the availability of the individual powerhouses comprising the District’s hydroelectric facilities, without regard as to the actual amount of hydroelectric generation. See the captions “— Hydroelectric System Revenues — 2013 PG&E Contract” and “— Projected Operating Results and Debt Service Coverage” below. As a result, the District does not believe that lower-than-average precipitation in a year would significantly adversely affect the ability of the District to pay the Series 2020A Installment Payments.

## **THE DISTRICT**

*Appendix A hereto presents information relating to the District, the Water System, Revenues and Net Revenues.*

## **THE AUTHORITY**

The Authority is a joint exercise of powers agency organized under the provisions of the Act and the Joint Powers Agreement to provide for the financing and refinancing of capital improvement projects of the District by exercising the powers referred to in the Joint Powers Agreement, and any other transaction authorized by law. The Authority was created in November 2011. Under the Act and the Joint Powers Agreement, the Authority has the power to issue bonds to pay the costs associated with public capital improvements. The Board of Directors of the Authority consists of the members of the Board of Directors of the District.

## **APPROVAL OF LEGAL PROCEEDINGS**

The validity of the 2020A Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix C and such legal opinion will be attached to each 2020A Bond.

Certain legal matters will be passed on for the Authority and the District by Minasian, Meith, Soares, Sexton & Cooper, LLP, Oroville, California, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel and for the Trustee by its counsel. Payment of the fees of Bond Counsel and Disclosure Counsel are contingent upon issuance of the 2020A Bonds.

The fees being paid to Bond Counsel, Disclosure Counsel and the Underwriter are contingent upon the issuance of the 2020A Bonds.

Bond Counsel and Disclosure Counsel represent the Authority and District in connection with the issuance of the 2020A Bonds pursuant to engagement letters with and consented to by the Authority and District. Bond Counsel and Disclosure Counsel represent the Underwriter from time-to-time on other financings and matters unrelated to the Authority or the 2020A Bonds. Bonds Counsel and Disclosure Counsel do not represent the Underwriter or any other party with respect to the issuance of the 2020A Bonds other than the Authority and the District.

## **LITIGATION**

### **The Authority**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2020A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of

this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the 2020A Bonds or any action of the Authority contemplated by any of said documents.

### **The District**

See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the caption “Litigation” for information with respect to litigation affecting the District.

### **TAX MATTERS**

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2020A Bonds is exempt from State of California personal income tax.

Bond Counsel’s opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the 2020A Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the 2020A Bonds to assure that interest (and original issue discount) on the 2020A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2020A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2020A Bonds. The District has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a 2020A Bond (the first price at which a substantial amount of the 2020A Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such 2020A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner’s basis in the applicable 2020A Bond. The amount of original issue discount that accrues to the Beneficial Owner of a 2020A Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

The amount by which a 2020A Bond Owner’s original basis for determining loss on sale or exchange in the applicable 2020A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2020A Bond Owner’s basis in the applicable 2020A Bond (and the amount of tax-exempt interest received with respect to the 2020A Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2020A Bond Owner realizing a taxable gain when a 2020A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2020A Bond to the Owner. Purchasers of the 2020A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The Internal Revenue Service (“IRS”) has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the 2020A Bonds will



be selected for audit by the IRS. It is also possible that the market value of the 2020 Bonds might be affected as a result of such an audit of the 2020A Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the 2020A Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the 2020A Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE 2020A BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE 2020A BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE 2020A BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE 2020A BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE 2020A BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE 2020A BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE 2020A BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the 2020A Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any 2020A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2020A Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the 2020A Bonds and the accrual or receipt of interest (and original issue discount) on the 2020A Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the 2020A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2020A Bonds.

Should interest (and original issue discount) on the 2020A Bonds become includable in gross income for federal income tax purposes, the 2020A Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

#### **CONTINUING DISCLOSURE**

The District has covenanted in a Continuing Disclosure Certificate dated the date of issuance of the 2020A Bonds (the "Continuing Disclosure Certificate") to provide annually certain financial information and operating data relating to the Water System of the District by not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2020), including the audited financial statements of the District for each such Fiscal Year (together, the "Annual Report"), and to provide notices of the occurrence of certain enumerated events.

The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/> ("EMMA"). The notices of material events will be timely filed by the District with EMMA. The form of the Continuing Disclosure Certificate is attached hereto at Appendix E.

Over the past five years, the District has been subject to obligations under various continuing disclosure certificates, including but not limited to the 2011A Bonds and the 2016A Bonds (collectively, the "Prior Continuing Disclosure Undertakings"). Pursuant to the Prior Continuing Disclosure Undertakings, the District agreed to file its audited financial reports, certain operating data with respect to the Water System and its hydroelectric facilities, as well as notices of certain enumerated events, if material.

The District did not file the operating data and its audited financial statements for Fiscal Year 2018 in the time period required under its Prior Continuing Disclosure Undertakings. On March 31, 2020, the District filed its operating data and audited financial statements for Fiscal Year 2018 for the 2011A Bonds and the 2016A Bonds.

In order to ensure compliance by the District with its continuing disclosure undertakings in the future, the Board approved disclosure procedures on August \_\_, 2020, (the "Disclosure Procedures"). Such Disclosure Procedures are an update to the disclosure procedures originally approved by the District on March 23, 2016. Pursuant to the Disclosure Procedures, the District's Finance Manager is required to take steps to ensure that continuing disclosure filings are prepared and filed in a timely manner. A copy of the Disclosure Procedures has been provided to the Underwriter and is available from the District's Finance Manager at 1036 West Main Street, Grass Valley, California Telephone: (530) 273-6185.

## **RATING**

The District expects that S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") will assign the 2020A Bonds the rating of "\_\_\_." There is no assurance that any credit rating given to the 2020A Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2020A Bonds. Such rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained from S&P.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in the Continuing Disclosure Certificate to file on EMMA, notices of any ratings changes on the 2020A Bonds. See the caption "CONTINUING DISCLOSURE" above and Appendix E. Notwithstanding such covenant, information relating to ratings changes on the 2020A Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the 2020A Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2020A Bonds after the initial issuance of the 2020A Bonds.

In providing a rating on the 2020A Bonds, certain rating agencies may have performed independent calculations of coverage ratios using their own internal formulas and methodology which may not reflect the provisions of the Installment Purchase Agreement. The District makes no representations as to any such calculations, and such calculations should not be construed as a representation by the District as to past or future compliance with any financial covenants, the availability of particular revenues for the payment of Series 2020A Installment Payments or for any other purpose.

## **UNDERWRITING**

The 2020A Bonds were purchased at a competitive sale on August \_\_, 2020 by \_\_\_\_\_, as underwriter (the "Underwriter"), for an aggregate purchase price of \$\_\_\_\_\_ (representing the aggregate principal amount of the 2020A Bonds, plus/less a net original issue premium/discount of \$\_\_\_\_\_ and less an Underwriter's discount of \$\_\_\_\_\_). The Official Notice of Sale provides that the Underwriter will purchase all of the 2020A Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions in the Official Notice of Sale, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2020A Bonds to certain dealers (including dealers depositing the 2020A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

## **MUNICIPAL ADVISOR**

The District has retained Fieldman, Rolapp & Associates, Inc., Irvine, California, as municipal advisor (the "Municipal Advisor") in connection with the issuance of the 2020A Bonds. The Municipal Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Municipal Advisor are contingent upon the issuance of the 2020A Bonds.

The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

## **MISCELLANEOUS**

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2020A Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

NEVADA IRRIGATION DISTRICT JOINT  
POWERS AUTHORITY

By: \_\_\_\_\_  
President

## APPENDIX A

### INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT

#### General

The District was formed in 1921 under the Irrigation District Law, Division 11 of the State Water Code (the “Law”) for the purpose of collecting, storing and delivering irrigation water to farmers and ranchers within the District. The District’s northerly boundary follows the South Fork of the Yuba river, the District’s easterly boundary runs through Scotts Flat, Rollins and Combie Reservoirs and the Auburn area in Placer County, the District’s southerly boundary runs between the Auburn and Lincoln areas in Placer County and the westerly boundary runs north out of the Lincoln area in Placer County; and then follows the Nevada-Yuba county line. The District is currently headquartered in Grass Valley, California, which is approximately 60 miles northeast of Sacramento, California, and approximately 150 miles northeast of San Francisco, California.

Water supplied by the District originates in the snowpack at the upper reaches of the Middle and South Yuba River and in the natural flows of the Bear River, Deer Creek and several tributary systems. The District’s rights to such water are varied, consisting of a combination of pre- and post-1914 State water rights. While originally created to provide raw water for irrigation purposes, the District has expanded its operations to include treatment and delivery of water for residential, municipal and industrial purposes and the generation of hydroelectricity. The District has the option to purchase additional water from the Pacific Gas & Electric Company (“PG&E”), subject to availability, under certain arrangements with PG&E. In 2019, PG&E entered into bankruptcy which it has attributed to the potential magnitude of its liabilities related to wildfires in Northern California. On June 20, 2020, the Bankruptcy Court confirmed PG&E’s Chapter 11 Plan of Reorganization, determining that the plan met the necessary requirements for confirmation under the Bankruptcy Code. See the caption “INVESTMENT CONSIDERATIONS – PG&E Bankruptcy” in the forefront of this Official Statement.

The District currently encompasses approximately 287,000 acres and provides raw and treated water to approximately 25,000 customers in Nevada and Placer Counties (the “Counties”) and a small portion of Yuba County. The District’s Water System includes 10 storage reservoirs containing a capacity of approximately 280,380 acre-feet and approximately 475 miles of canal. Treated water facilities include six treatment plants, 43 storage tanks and reservoirs and approximately 400 miles of pipeline.

The District owns and operates seven hydroelectric powerhouses through several hydroelectric facilities that include (i) the Yuba-Bear Hydroelectric Project (FERC Project No. 2266) (the “Yuba-Bear FERC Project”), which includes the Rollins Development and the Bowman Development, (ii) the Combie Project, which consists of the Combie North Power Project and the Combie South Power Project, and (iii) the Scotts Flat Project. The output from Yuba-Bear FERC Project powerhouses and the Combie North Project powerhouse is sold to Pacific Gas & Electric Company (“PG&E”) under certain contractual arrangements. The output of the Combie South Project powerhouse is sold to the City of Lodi via a contractual arrangement with the Northern California Power Agency. Output from the Scotts Flat Project powerhouse is used to offset District power utility expenses under the Renewable Energy Self Generation Bill Credit Transfer Program (“RES-BCT”) Program. The District has a rated aggregate generation capacity of 82.2 megawatts for its seven hydroelectric powerhouses.

See the caption “Hydroelectric System Revenues” and the Official Statement under the caption “SECURITY FOR THE 2020A BONDS—Revenue Pledge Securing the Series 2020A Installment Payments.” See also the caption “INVESTMENT CONSIDERATIONS – PG&E Bankruptcy.” Recreation facilities, operated by the District, are also provided at five of the District’s reservoirs. Amounts derived from the operation of the District’s recreation facilities are not included in Revenues.

## Governance and Management

The District is governed by a five-member Board who are elected by qualified voters in the District to four-year terms. The current directors are set forth below:

### NEVADA IRRIGATION DISTRICT Board of Directors

<i>Name</i>	<i>Expiration of Term</i>	<i>Occupation</i>
Ricki Heck, President	2022	Retired Investment Fund Manager
Chris Bierwagen, Vice-President	2022	Farmer
Lauren L. Peters, Director	2022	Civil Engineer
W. Scott Miller, Director	2020	Physician
Nick Wilcox, Director	2020	Retired Environmental Scientist

The current officers of the District, with brief resumes for such officers, are set forth below:

Day to day management of the District is delegated to the Interim General Manager, Greg Jones. Mr. Jones has twenty years as an experienced leader managing teams, projects and budgets for entrepreneurial small business, non-profit organizations and recently has served as the District's Assistant General Manager since January 2017. Mr. Jones's industry experience with public & private utilities, local governments, renewable energy, manufacturing, retail, and professional business services have rounded out his career to date. Mr. Jones holds a Bachelor of Science in Recreation Administration from California State University, Chico and a Masters of Business Administration from the University of Nevada Reno.

Marvin V. Davis, Finance Manager and Treasurer, has been with the District since September 2015. Mr. Davis is a certified public accountant and licensed real estate broker. Prior to joining the District, Mr. Davis was an accounting manager for the City of Lincoln and as controller for the Amador Water Agency. Mr. Davis also previously worked as a financial analyst for the City of Folsom as well as administrative analyst for the City of Sacramento, Department of Utilities. Mr. Davis holds a Bachelor's Degree and a Master's Degree in finance.

Kris Stepanian, the Secretary to the Board of Directors and the General Manager, has been with the District since December 2016. Prior to joining the District, Ms. Stepanian worked in the real estate administration, title insurance and escrow industries, and operated a document signing business in Nevada County, specializing in real estate transactions and loan documentation. Ms. Stepanian holds a Master's Degree in Business Administration.

## Powers

Under the Law, the District has broad general powers over the distribution of water within its boundaries, including the right of eminent domain, authority to acquire, control, distribute, store, treat, purify, reclaim, process and salvage any water for beneficial use, to sell treated or untreated water, to contract with the United States, other political subdivisions, public utilities, or other persons, and, subject to Article XIII A of the State Constitution, to levy taxes on lands for certain purposes, to levy benefit and special assessments, capacity fees and, subject to Article XIIC and Article XIID of the State Constitution, to fix rates and charges for raw and treated water and to fix and collect standby charges.

## Employees and Employee Benefits

*Employees.* The District employs approximately 207 persons, of whom approximately 170 work in the water utility division, 30 work in the hydroelectric division and 7 work in the recreation division. As of January 1, 2020, approximately 184 employees are represented by the American Federation of State, County

and Municipal Employees (“AFSCME”). The Memoranda of Understanding between the District and AFSCME expired on June 30, 2020. The District and AFSCME continue to operate under the terms of the expired Memoranda of Understanding. The District and AFSCME are in the preliminary phases of developing the terms of an extension of the Memorandum of Understanding. The District has never experienced a strike or other labor action.

**Pension Benefits.** The District provides retirement benefits for its employees through a contractual agreement with the California Public Employees’ Retirement System (“CalPERS”). The District uses a 2.5% at 55 retirement formula for employees hired prior to May 1, 2010, a 2.0% at 55 retirement formula for employees hired after May 1, 2010 and prior to January 1, 2013 and a 2.0% at 62 retirement formula for employees hired on and after January 1, 2013. The contribution rate for each participant is 8%, 7% or 6.75% of the participant’s covered salary, depending on the retirement formula, which employees make on their own behalf. Additionally, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members.

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. One agent plan is used for all three of the District’s rate plans. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect for the year ended December 31, 2018 is summarized as follows for each rate plan (collectively, the “Plans”):

Hire date	Miscellaneous Plan (Prior to May 1, 2010)	Miscellaneous Plan (After May 1, Prior to January 1, 2013)	Miscellaneous Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	2.5% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates:			
January 1 to December 30	8.000%	7.000%	6.750%
Required employer contribution rates:			
January 1 to June 30	29.373%	29.373%	29.373%
July 1 to December 31	32.031%	32.031%	32.031%

*AB 340, Public Employee Pension Reform Act of 2013 (PEPRA).* On September 12, 2012, the Governor of the State signed Assembly Bill 340 (“AB 340”), which implements pension reform in the State. Effective January 1, 2013, AB 340 provides in part as follows: (i) requires public retirement systems and their participating employers to share equally with employees by January 1, 2018 the normal cost rate (as described below) for such retirement systems; (ii) prohibits employers from paying employer-paid member contributions to such retirement systems for employees hired after January 1, 2013; (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; and (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period. AB 340 requires the 2.0% at 62 benefit to be used by any new participants that were not members of CalPERS on January 1, 2013.

*Employees Covered.* At the June 30, 2018 (the most recent date available) the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries currently receiving benefits	217
Inactive employees entitled to but not yet receiving benefits	73
Active employees	<u>187</u>
Total	<u>477</u>

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

*Net Pension Liability.* The District's net pension liability for the Plans is measured as the total pension liability, less the plan's fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

*Actuarial Assumptions.* The total pension liability at the June 30, 2018 measurement dates was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.20% <sup>(1)</sup>
Mortality - pre-retirement	0.020% to 0.99% <sup>(2)</sup>

<sup>(1)</sup> Depending on entry age and service.

<sup>(2)</sup> The mortality table used was developed based in CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website; however, the information on such website is not incorporated herein by reference.

*Changes in the Net Pension Liability.* The changes in Net Pension Liability for the Plans for the year ended December 31, 2018 are as follows:

	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
Balance at December 31, 2017	\$ 129,457,558	\$ 80,579,641	\$ 48,877,917
Changes in the year:			
Service cost	2,364,428		2,364,428
Interest on the total pension liability	8,986,105		8,986,105
Changes in assumptions	(617,049)		(617,049)
Differences between actual and expected experience	(721,555)		(721,555)
Net plan to plan resource movement		(196)	196
Contribution - employer		3,930,086	(3,930,086)
Contribution - employee		1,094,327	(1,094,327)
Net investment income		6,710,253	(6,710,253)
Benefit payments, including refunds of employee contributions	(7,242,753)	(7,242,753)	
Administrative expenses		(125,565)	125,565
Other miscellaneous income (expense)		(238,450)	238,450
Net changes during 2018	<u>2,769,176</u>	<u>4,127,702</u>	<u>(1,358,526)</u>
Balance at December 31, 2018	<u>\$ 132,226,734</u>	<u>\$ 84,707,343</u>	<u>\$ 47,519,391</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability of the District for the Plan, calculated using the discount rate for the Plans, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<i>Miscellaneous Plan</i>	
1% Decrease	6.15%
Net Pension Liability	\$ 64,606,553
Current Discount Rate	7.15%
Net Pension Liability	\$ 47,519,391
1% Increase	8.15%
Net Pension Liability	\$ 33,387,986

*Pension Plan Fiduciary Net Position.* Detailed information about the Plans' fiduciary net position is available in the separately issued CalPERS financial reports.

*Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions.* For the year ended December 31, 2018, the District recognized pension expense of \$6,140,441. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the Plans from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Pension contributions subsequent to measurement date	\$ 2,273,012	
Differences between actual and expected experience	416,810	\$ (564,695)
Changes in assumptions	3,710,137	(529,805)
Net differences between projected and actual earnings on plan investments	327,173	
Total	<u>\$ 6,727,132</u>	<u>\$ (1,094,500)</u>



The \$2,273,012 reported as deferred outflows of resources related to contributions subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows as of December 31, 2018:

<i>Year Ended</i> <i>December 31</i>	
2019	\$ 2,714,768
2020	1,782,817
2021	(753,037)
2022	(384,928)
	<u>\$ 3,359,620</u>

*Payable to the Pension Plan.* At December 31, 2018, the District reported payables of \$274,094 for the outstanding amount of required contributions to the Plan.

Further information with respect to the District’s pension plan and PERS is set forth in Note 7 to the District’s audited financial statements for Fiscal Year 2018, attached hereto as Exhibit A-1.

***Other Post-Employment Benefits.*** The District’s other postemployment benefits (“OPEB”) healthcare plan (the “OPEB Plan”) provides medical benefits to employees that directly retire from the District and their eligible dependents under an agent multiple-employer defined benefit plan. Eligibility rules for the OPEB Plan include retirement from the District at age 50 or later with five years of service. The District’s Board has the authority to establish and amend benefit provisions. The District participates in the California Employers Retirees Benefit Trust (“CERBT”), an irrevocable trust established to fund OPEB. CERBT is administrated by CalPERS, and is managed by an appointed board not under the control of the District’s Board.

*Funding Policy.* The District pays a percentage of the post-employment health care benefits for retirees, their spouses, and their dependents based on the retiree’s tier. Surviving spouses and eligible dependents of retirees may elect to continue health care benefits with the same District contribution towards the expense. Substantially all of the District’s employees may become eligible for these benefits if they reach normal retirement age while working for the District. No contributions are required for OPEB Plan members or the District. Pre-funding contributions made by the District are at the discretion of the Board.

The contribution requirements of the District are established and may be amended by the District’s Board. OPEB Plan members are currently not required to contribute.

*Employees Covered by Benefit Terms.* As of the June 30, 2018 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

*Contributions.* The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2018, the District contributed \$490,000 to the CBRT, paid \$1,105,000 of current retiree premiums and contributed \$171,000 in the form of an implied subsidy of retirement premiums.

*Net OPEB Liability.* The District’s net OPEB liabilities were measured as of June 30, 2018, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2017.

*Actuarial Assumptions.* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75%
Salary increases	3.00%
Discount rate	6.75%
Mortality rate	CalPERS 1997-2015 Experience Study <sup>(1)</sup>
Mortality improvement	Mortality Improvement Scale MP-2017
Healthcare trend rate	Non-medicare 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 Medicare 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076

(1) Retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017. The Experience Study Report may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications; however, the information on such website is not incorporated herein by reference.

*Changes in the Net OPEB Liability.* Changes in the net OPEB liability were as follows during the year ended December 31, 2018:

	<i>Increase (Decrease)</i>		
	<i>Total OPEB Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net OPEB Liability</i>
Balance at December 31, 2017	\$ 24,095,000	\$ 14,606,000	\$ 9,489,000
Changes in the year:			
Service cost	597,000		597,000
Interest	1,621,000	1,621,000	8,986,105
Contribution - employer		1,835,000	(1,835,000)
Investment income		1,159,000	(1,159,000)
Administrative expenses		(44,000)	44,000
Benefit payments	<u>(1,328,000)</u>	<u>(1,328,000)</u>	
Net changes	<u>890,000</u>	<u>1,622,000</u>	<u>(732,000)</u>
Balance at December 31, 2018	<u>\$ 24,985,000</u>	<u>\$ 16,228,000</u>	<u>\$ 8,757,000</u>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<i>1% Decrease (5.75%)</i>	<i>Current Discount Rate (6.75%)</i>	<i>1% Increase (7.75%)</i>
Net OPEB liability	\$12,010,000	\$8,757,000	\$6,079,000

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<i>1% Decrease</i>	<i>Current Healthcare Cost Trend Rates</i>	<i>1% Increase</i>
Net OPEB liability	\$5,793,000	\$8,757,000	\$12,437,000

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended December 31, 2018, the District recognized OPEB expense of \$1,241,000. At December 31, 2018, the District had deferred inflows related to the OPEB plan from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Employer contributions made subsequent to the measurement date	\$ 632,000	
Difference between projected & actual earnings		\$ (138,000)
Total	<u>\$ 632,000</u>	<u>\$ (138,000)</u>

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<i>Year Ended December 31</i>	
2019	\$ (35,000)
2020	(35,000)
2021	(35,000)
2022	(33,000)
2023	-
Thereafter	-
	<u>\$ (138,000)</u>

***Payable to the OPEB Plan.*** At December 31, 2018, there was no payable for the outstanding amount of contributions to the Plan required for the year ended December 31, 2018.

Further information with respect to the District's post-employment benefit plans is set forth in Note 8 to the District's audited financial statements for Fiscal Year 2018, attached hereto as Exhibit A-1.

### **Budget Process**

The District staff works with the District's Finance Department to develop the annual budget. The process generally begins in June and managers develop their budget requests needed to fulfill the District's goals and objectives for the next Fiscal Year. The Finance Department prepares the proposed budget and reviews it with the District's Administrative Practices Committee, making any necessary adjustments arising from that review. Thereafter, the Finance Manager provides a copy of the budget to the Board in advance of the meeting and generally presents the proposed budget to the Board in October for its review. The Board typically adopts the budget in a public hearing no later than December 31.

The District's budget for Fiscal Year 2020 was approved on October 23, 2019. The District has not made any material amendments to the Fiscal Year 2020 budget.

### **Insurance**

The District purchases general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omission and public official personal liability insurance coverage from various commercial providers.

The District's maximum coverage as of July 1, 2020 consisted of \$11,000,000 for general liability, which includes coverage for overhead electrical, wildfire, failure to supply water, water contamination, water treatment errors and omissions, auto liability, inverse condemnation, and fire damage to non-hydroelectric facilities, subject to a \$5,000 deductible per each occurrence. The District has excess liability coverage of \$10,000,000 for public official liability, overhead electric and wildfire and failure to supply water.

The District also carries insurance for certain employee practices up to \$11,000,000, not subject to a deductible.

The District carries dam failure insurance coverage for each of its dams that ranges from \$1,000,000 to \$11,000,000, depending on the specific dam. The District also carries insurance coverages for pollution, fire damage to the District's hydroelectric facilities, employee theft and mobile equipment.

In addition, the District has property coverage of \$1 billion and boiler and machinery coverage of \$100 million. The District also has workers' compensation insurance up to the statutory limit and \$5 million for employers' liability coverage. Deductibles range from \$1,000 to \$500,000.

### **Land and Land Use Within the District**

The District encompasses an area of approximately 287,000 acres, which include about 30,000 acres of urban or suburban lands with the remainder in rural or agricultural use. Urban areas in the District include Lake Wildwood, Penn Valley, Rough and Ready, Cedar Ridge, Grass Valley-Nevada City environs, Alta Sierra and Lake of the Pines all of which are located in Nevada County as well as North Auburn in Placer County. The District does not include, nor does the District serve a substantial portion of residents of, the cities of Nevada City or Grass Valley. The District does sell untreated water to the City of Grass Valley and the City of Nevada City. See the caption "Largest Customers." All other areas of the District are rural or agricultural in use. Lands are hilly in nature, ranging from 4,000 foot in elevation in the northeast portion of the District to 100 foot in elevation in the southwest portion.

The area has hot, dry summers and cool, moist winters. Average precipitation in the District's mountain division watershed is 68 inches a year. While irrigated agriculture within the District has declined significantly over time, of the approximately 97,000 irrigable acres within the District, approximately 26,000 receive irrigation water. Irrigated acreage includes irrigated pastures and hay on 18,000 acres, deciduous fruits and nuts on 1,460 acres and parks and family gardens on approximately 5,220 acres.

### **Recreation and Leases**

Recreation facilities, including camping, fishing, swimming and boating, are offered at District reservoirs. The High Sierra campgrounds include Jackson Meadows, Bowman, and Faucherie. Near Grass Valley and Nevada City, Scotts Flat and Rollins Reservoirs also offer accommodations to outdoor enthusiasts. Fee schedules are set according to District policy. Facilities at Scotts Flat and Rollins include mini-markets, restaurants, boat launching and service, camping, and picnicking.

All of the District's recreation facilities were constructed with State of California Davis-Grunsky funds designed to provide full utilization of the District's many resources. See the caption "Outstanding Indebtedness—Not Payable from Revenues." Amounts derived from the operations of the District's recreation facilities are not included in Revenues.

### **Largest Employers**

The following is a list of the ten largest employers located in the Counties as of January 2019.

**NEVADA AND PLACER COUNTIES, UNINCORPORATED AREAS**  
**Largest Employers**

<i>10 Largest Employers</i>	<i>Number of Employees</i>
Hewlett Packard	1,000 – 4,999
Northstar California	1,000 – 4,999
Placer County Food Stamps	1,000 – 4,999
PRIDE Industries	1,000 – 4,999
QIP Roseville	1,000 – 4,999
Sierra Community College District	1,000 – 4,999
Sierra NV Mem Miners Hospitals	1,000 – 4,999
Sutter Roseville Medical Center	1,000 – 4,999
Thunder Valley Casino	1,000 – 4,999
Adventist Health	500 – 999

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Source: The District.

As a result of certain federal, State, and local measures taken with respect to the COVID-19 pandemic, the State of California Employment Development Department reports the unemployment rates of 12.4% and 14.2% for Placer and Nevada County, respectively in its May 2020 Monthly Labor Force Report. See the caption “INVESTMENT CONSIDERATIONS – COVID-19 Pandemic.”

**Population**

The District serves a significant portion of the population of the unincorporated area of Nevada County, including the heavily populated areas adjacent to Nevada City and Grass Valley, as well as a portion of the unincorporated area of Placer County. Nevada County experienced steady population growth between 1970 and 2005 and slight decline between 2005 and 2020. Placer County has experienced population growth since 1970. The rate of such growth has declined slightly since 2010. The following table presents the approximate population growth in the unincorporated area of Nevada County and Placer County and the percentage increase since 1970.

**NEVADA IRRIGATION DISTRICT**  
**Population Growth**

<i>Year</i>	<i>Nevada County (Unincorporated)</i> <sup>(1)</sup>	<i>Increase/ (Decrease)</i>	<i>Percent of Increase/ (Decrease)</i>	<i>Placer County (Unincorporated)</i>	<i>Increase/ (Decrease)</i>	<i>Percent of Increase/ (Decrease)</i>
1970	18,883	N/A	N/A	44,828	N/A	N/A
1980	41,469	22,586	119.6%	72,903	28,075	62.6%
1990	70,536	29,067	70.1	86,500	13,597	18.7
2000	64,251	(6,285)	(9.8)	100,701	14,201	16.4
2005	66,207	1,956	3.0	103,528	2,827	2.8
2010	66,656	449	0.7	108,128	4,600	4.4
2015	66,090	(566)	(0.9)	112,112	3,984	3.9
2020	65,881	(209)	(0.3)	115,247	3,135	2.8

<sup>(1)</sup> Data for 1970, 1980 and 1990 includes the City of Truckee, which was incorporated in 1993. The City of Truckee is not served by the District. If the City of Truckee were included in the data for 2000, the population would have been 78,115, representing a 10.7% increase from 1990.

Sources: United States Census for 1960, 1970, 1980, 1990, 2000 and 2010. State Department of Finance for 2005, 2015 and 2020.

**Outstanding Indebtedness**

**Payable From Revenues.** After the refunding of the 2011A Bonds described in the Official Statement, the District will have outstanding the 2016 Installment Purchase Agreement. The Series 2016 Installment Payments have been assigned by the Authority to U.S. Bank National Association (the “2016 Trustee”), under the Indenture of Trust, dated as of March 1, 2016, by and between the Authority and the 2016 Trustee, to be applied by the 2016 Trustee to pay the principal and interest with respect to the 2016A Bonds. The 2016A Bonds were outstanding as of August 1, 2020 in the aggregate principal amount of \$17,845,000. The Series 2016 Installment Payments are secured by the Revenues on a parity with the Series 2016A Installment Payments. The Series 2016 Installment Payments are payable from Net Revenues (as defined in the Installment Purchase Agreement).

In October 2009, the District entered into a loan agreement with the California Department of Public Health (the “CDPH Loan”) in the approximate principal amount of \$10.8 million to finance certain capital improvements to the Water System. The District has pledged assessments levied by Community Facilities District #2007-01 to repayment of the CDPH Loan. The District pays approximately 36% of the amounts due under the CDPH Loan from capacity fees, which are a component of Net Revenues, amounting to approximately \$218,579 per year. The District’s payment of amounts due under the CDPH Loan from capacity fees are shown as an obligation payable from Net Revenues on a parity with the obligation of the District to pay the Series 2020A Installment Payments. The District believes that such payments are subordinate to the obligation of the District to pay the Series 2020A Installment Payments under the terms of the CDPH Loan. See the caption “Projected Operating Results and Debt Service Coverage.”

**Future Obligations.** The District currently projects issuing additional bonds in Fiscal Year 2024 that will be secured by installment payments made by the District pursuant to an installment purchase agreement (the “2024 Installment Purchase Agreement”) that are projected to be payable from Net Revenues on a parity with the Series 2016 Installment Payments and Series 2020A Installment Payments. The District expects to use the proceeds derived from the 2024 Installment Purchase Agreement to finance the cost of capital improvements to the District’s Water System and the District’s hydroelectric facilities. The estimated aggregate principal amount of the 2024 Installment Purchase Agreement is \$54,195,000. The 2024 Installment Purchase Agreement may be entered into earlier or later than the time currently projected or in an amount other than as currently projected. The timing and amount of such issuance will depend on actual need for the capital projects at that time and market conditions.

**Not Payable From Revenues.** As of January 1, 2020, the District, on behalf of certain improvement districts and assessment districts within its boundaries, also had outstanding approximately \$5,288,888 aggregate principal amount of loans primarily from CDPH. These loans are generally payable from benefit assessments or special taxes on land within such improvement districts. These loans were approved by the voters of the respective improvement districts. These loans are not secured by the Revenues or payable from the Net Revenues (as such terms are defined in the Installment Purchase Agreement).

### **Assessed Valuation; Tax Rate; Tax Levy; Delinquencies**

California counties are entitled to assess and impose *ad valorem* taxes using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, two percent inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The availability of revenue from growth in the tax bases in such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

State law exempts \$7,000 of the assessed valuation of an owner-occupied dwelling but this exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes which would have been payable on such exempt values is made up by the State.

The passage of Assembly Bill 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a State-mandated local program by requiring the assignment of the assessed value of all unitary and operating nonunitary property in each county of each State assessee other than a regulated railway company. The legislation established formulas for the computation of applicable countywide tax rates for such property and for the allocation of property tax revenues attributable to such property among taxing jurisdictions in any county beginning in State fiscal year 1988-89. This legislation requires each county to issue each State assessee, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

**Teeter Plan.** The Board of Supervisors of each County, in fiscal year 1993-94, adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, “to accomplish a simplification of the tax-levying and tax apportioning process and an increased flexibility in the use of available cash resources.” This alternative method is used for distribution of the *ad valorem* property tax revenues. Pursuant to the Teeter Plan, each entity levying property taxes and certain other assessments in the Counties, including the District, may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected. Under the Teeter Plan, local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by a county.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the Counties (which commence on July 1), the Board of Supervisors of a County receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in such County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective upon the commencement of the subsequent fiscal year.

The Board of Supervisors of either Nevada or Placer County may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the Counties if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

In the event that the Teeter Plan is terminated by either County, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District only.

So long as the Teeter Plan remains in effect, the District's receipt of revenues with respect to the levy of assessments will not be dependent upon actual collections of the *ad valorem* property taxes by the Counties. However, under the statute creating the Teeter Plan, the Board of Supervisors of either County could, under certain circumstances, terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could terminate the Teeter Plan as to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. The Counties have not notified the District of any plans to modify the Teeter Plan as a result of the COVID-19 outbreak. See the caption "INVESTMENT CONSIDERATIONS—COVID-19 Pandemic" in the Official Statement.

### **District Share of County 1% Property Tax**

**General.** The District receives a portion of the 1% *ad valorem* property tax levied by the Counties (the "District Share of County 1% Property Tax") and allocated to the District on the basis of a formula established by Article XIII A. Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the County fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll, with respect to which taxes are delinquent, is sold to the State on or about March 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

From time to time legislation has been considered as part of the State budget to shift the 1% *ad valorem* property tax revenues from special districts to school districts or other governmental entities. The State fiscal year 2004-05 budget reallocated additional portions of the special districts' shares of the countywide 1% *ad valorem* property tax, shifting a portion of the 1% *ad valorem* property tax revenues collected by each County from special districts to school districts. As a result of the State fiscal year 2004-05 budget, the District lost approximately \$6,483,696 of the District Share of County 1% Property Tax, cumulatively, over Fiscal Years 2005 and 2006. Pursuant to the State fiscal year 2004-05 budget, such property tax revenues reverted to the District in Fiscal Year 2007.

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State may not, among other things: (i) shift property taxes from local governments to schools or community colleges; or (ii) change how 1% *ad valorem* property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature. Beginning in State fiscal year 2009-10, the State may shift to schools and community colleges a limited amount of local government property tax revenues if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Given the magnitude of the State's projected budgetary deficit, it is possible that the Governor may proclaim



that a shift of additional local property tax revenue, including tax revenue of the District, is needed due to severe financial hardship.

On November 2, 2010, California voters approved Proposition 22, which amended the State Constitution to forbid the temporary shifting of property taxes from local governments to schools that Proposition 1A previously allowed, subject to the restrictions described above.

Notwithstanding Proposition 22, there can be no assurance that the District Share of County 1% Property Tax that the District currently expects to receive will not be reduced pursuant to State legislation enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of the District Share of County 1% Property Tax by the District. See the Official Statement under the caption “SECURITY FOR THE 2020A BONDS—Revenue Pledge Securing the Series 2020A Installment Payments” for a discussion of the extent to which the District Share of County 1% Property Tax is available to make Series 2020A Installment Payments.

*Assessed Valuations and Tax Collections.* The following table summarizes the District Share of County 1% Property Tax during the last five Fiscal Years.

**NEVADA IRRIGATION DISTRICT**  
**District Share of County 1% Property Tax<sup>(1)</sup>**

<i>Fiscal Year</i>	<i>District Share of County 1% Property Tax<sup>(2)</sup></i>
2019 <sup>(3)</sup>	\$12,676,875
2018	12,331,723
2017	11,750,933
2016	11,363,997
2015	10,707,911

<sup>(1)</sup> Includes both Nevada and Placer County.

<sup>(2)</sup> Excludes voter-approved assessments, improvement district assessments, community facilities district assessments and assessment district assessments which do not constitute Revenues.

<sup>(3)</sup> Reflects unaudited estimated results.

Source: The District.

Federal, state and local action with respect to the COVID-19 pandemic may affect development within the District and may have an adverse effect in the value of real property within the District. The District cannot predict what effect such decline may have on the County 1% Property Tax received by the Counties in the future. See the caption “INVESTMENT CONSIDERATIONS—COVID-19 Pandemic” in the Official Statement.

**The Water System**

Water supplied by the District originates in the snowpack at the upper reaches of the Middle and South Yuba River and in the natural flows of the Bear River, Deer Creek and several tributary systems. Approximately 475 miles of canals are utilized to transport and deliver water from the District’s 10 reservoirs. The District’s mountain division includes seven reservoirs and its lower division includes three reservoirs with a total maximum capacity of approximately 280,380 acre-feet, as listed in the below table.

**NEVADA IRRIGATION DISTRICT  
Reservoirs**

<i>Mountain Division (Year Constructed)</i>	<i>Maximum Acre-Foot Storage Capacity</i>	<i>Height (in feet)</i>	<i>Type of Dam</i>
Jackson Meadows (1965)	69,205	195	Zoned earth core-Rock fill shells
Milton Diversion (1926)	295	38	Concrete arch
Bowman (1926)	68,510	171	Rock fill-concrete
French Lake (1858)	13,940	65	Rock fill-concrete
Faucherie (1964)	3,980	40	Zoned earth core-Rock fill shells
Sawmill (1910)	3,030	55	Rock-masonry
Jackson Lake (1942)	1,330	28	Earth embankment
 <i>Lower Division</i>			
Combie (1928)	5,555	98	Concrete arch
Rollins (1965)	65,988	242	Zoned earth core-Rock fill shells
Scotts Flat (1948)	48,547	175	Zoned earth core-Rock fill shells

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Source: The District.

The treated water system includes approximately 400 miles of transmission and distribution pipelines ranging in size from four inches to 36 inches in diameter, 42 storage tanks and reservoirs with a capacity of approximately 47.3 million gallons and the six treatment plants with daily capacities as set forth in the below table.

**NEVADA IRRIGATION DISTRICT  
Treatment Plants**

<i>Treatment Plant</i>	<i>Maximum Daily Capacities (Millions of Gallons)</i>
Lake of the Pines	5.000
North Auburn	6.000
Lake Wildwood	4.000
Elizabeth George	18.000
Loma Rica	8.300
Smartville	<u>0.085</u>
Total	41.385

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Source: The District.

The District estimates that approximately 6% of raw water sales are for golf courses and parks and approximately 60% of raw water sales are to customers who irrigate for alfalfa and hay farming and pasture. The District estimates that approximately 5% of raw water sales are to customers who irrigate fruits, nuts and other crops. The District estimates that approximately 25% of raw water sales are to customers who use water for outdoor domestic purposes, including family gardens, orchards and yards.

**Historic Demand**

The District records the volume of water delivered through the Water System. The following table summarizes treated water and raw water deliveries for the last five Fiscal Years.

**NEVADA IRRIGATION DISTRICT  
Historic Water Deliveries (Acre-Feet)**

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Increase/ (Decrease)</i>	<i>Raw Water</i>	<i>Increase/ (Decrease)</i>
2019 <sup>(1)</sup>	8,013	(2.15%)	121,099	(0.06%)
2018	8,189	3.76	121,173	0.12
2017	7,892	9.58	121,025	1.37
2016 <sup>(2)</sup>	7,202	(15.48%)	119,385	0.63
2015	8,521	1.32%	118,641	0.91%

<sup>(1)</sup> Reflects unaudited estimated results.

<sup>(2)</sup> Decline in treated water sales in Fiscal Year 2016 as a result of conservation and account classification.

Source: The District.

The following table presents a listing of the historic number of service connections in the District. The increase in the number of treated water service connections from 2015 through 2019 averaged approximately 73 new connections annually.

**NEVADA IRRIGATION DISTRICT  
Historic Service Connections**

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Raw Water</i>	<i>Total Service Connections</i>	<i>Increase</i>
2019	19,519	5,191	24,710	0.37%
2018	19,432	5,186	24,618	0.47
2017	19,282	5,220	24,502	0.99
2016	19,135	5,128	24,263	0.93
2015	19,077	4,963	24,040	0.57

Source: The District.

## Historic Annual Water Sales, Customers and Average Monthly Water Sales

The following table sets forth annual water sales, customers and average monthly water sales for the last five Fiscal Years.

### NEVADA IRRIGATION DISTRICT Historic Annual Water Sales, Customers and Average Monthly Water Sales

<i>Fiscal Year</i>	<i>Type of Service</i>	<i>Annual Water Sales</i>	<i>Monthly Customers</i>	<i>Average Monthly Water Sales</i>
2019 <sup>(1)</sup>	Treated Water	\$16,679,929	19,522	\$ 847
	Raw Water	7,616,380	5,120	1,488
2018	Treated Water	16,057,328	19,432	826
	Raw Water	7,344,573	5,186	1,416
2017	Treated Water	14,824,579	19,282	769
	Raw Water	6,929,736	5,220	1,328
2016	Treated Water	13,593,471	19,135	710
	Raw Water	6,371,539	5,128	1,242
2015	Treated Water	12,184,174	19,077	639
	Raw Water	5,998,798	4,963	1,209

<sup>(1)</sup> Reflects unaudited estimated results.  
Source: The District.

### Largest Customers

The following tables set forth the ten largest raw water and treated water customers of the District as of December 31, 2019, the latest date for which such information is available, as determined by the amount of their respective annual payments.

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**NEVADA IRRIGATION DISTRICT**  
**Largest Raw Water Customers as of December 31, 2019 by Annual Payments**

<i>Customer</i>	<i>Annual Payments</i>	<i>% of Total Raw Water Sales</i>
Placer County Water Agency	\$311,895.00	4.09%
City of Grass Valley	275,946.00	3.62
Hofman, C.	61,783.00	0.81
Lake Wildwood Association	57,124.00	0.75
Lake of the Pines Association	54,860.00	0.72
Ellis Family Enterprises	50,774.00	0.66
ACAT, LLC	46,788.00	0.61
California Department of Fish & Wildlife	46,007.00	0.60
City of Nevada City	38,359.00	0.50
Freddi, M.	27,404.00	0.36

Source: The District.

Revenues from the ten largest raw water customers represent approximately 12.75% of total Revenues of the Water System in Fiscal Year 2019.

**NEVADA IRRIGATION DISTRICT**  
**Largest Treated Water Customers as of December 31, 2019 by Annual Payments**

<i>Customer</i>	<i>Annual Payments</i>	<i>% of Total Treated Water Sales</i>
County of Nevada	\$122,228.00	0.73%
Nevada Joint Union High School District	121,312.00	0.73
Mercy Healthcare	102,463.00	0.61
Forest Springs LLC	88,036.00	0.53
City of Grass Valley	79,318.00	0.48
Ponderosa Pines MHP	63,039.00	0.38
Oregon Investors	60,450.00	0.36
Sutter Medical Foundation	58,797.00	0.35
Grass Valley School District	55,654.00	0.33
Edgewood Village & Associates LLC	53,043.00	0.32

Source: The District.

Revenues from the ten largest treated water customers represent approximately 4.82% of total Revenues of the Water System in Fiscal Year 2019.

**Water System Rates and Charges**

The District's Water System rates and charges are established by the Board and are not subject to the approval of any other governmental agency or body. The Water System Rates and Charges schedule effective January 1, 2020 is attached as Exhibit A-2 to the Official Statement. See the caption "Constitutional Limitations on Taxes" below.

In April 2019, after a notice, public hearing and protest process described in the Official Statement under the caption "Constitutional Limitations on Taxes — Proposition 218," the Board approved Water System rate increases averaging approximately 5.72% in each of Fiscal Years 2019 through 2021. Notwithstanding such approval, there can be no assurance that the Board will not reduce such rate increases in the future. Any

such reductions in rates would, however, be subject to the Board’s obligations to set rates and charges in accordance with the rate covenant described in the Official Statement under the caption “SECURITY FOR THE 2020A BONDS—Rate Covenant Securing the Series 2020A Installment Payments.”

The Water System projected operating results set forth under the caption “Projected Operating Results and Debt Service Coverage” are based on such approved rate increases and assume implementation of rate increases of 5.72% and 7.00% by the Board in Fiscal Years 2020 and 2021, respectively. The projected rate increases in Fiscal Years 2022 through 2024 have not been approved by the Board and are subject to the notice, public hearing and protest process described in the Official Statement under the caption “Constitutional Limitations on Taxes —Proposition 218.” The District does not currently anticipate any changes to its rates for water service due directly to the impact of the COVID-19 pandemic; however, there can be no assurance that such rate increases will be adopted as currently projected.

The table below sets forth a comparison of the current District monthly water bill for a single family residential user receiving 10 hcf of treated water per month to those of nearby communities:

**NEVADA IRRIGATION DISTRICT**  
**Comparative Monthly Charges<sup>(1)</sup>**

<i>Community</i>	<i>Monthly Charge</i>
<b>District</b>	\$54.00
Nevada City	45.96
Placer County Water Agency	53.79
City of Grass Valley	56.00

<sup>(1)</sup> Residential service with a 5/8” meter using 10 hcf of water per month.  
Source: The District.

In addition to the minimum monthly rates, the District has a two tiered treated water commodity charge based upon type of service. Inside-District treated water rates are \$2.29 per hundred cubic foot (“hcf”) for the first 10 hcf used per billing cycle and \$2.96 per hcf for each hcf thereafter. Outside-District rates include a 25% surcharge. There are twelve billing cycles per year.

**Collection Procedures**

The District utilizes a monthly billing cycle for water and sends a bill every month to District customers. Payment is due upon issuance of the bill, and is considered delinquent if not paid within 10 days of issuance. Twenty-five days after issuance, a penalty at the rate of 1.5% will be applied to each account’s unpaid balance and monthly thereafter until paid. The District will send a past due notice by mail 45 days after issuance. If the District does not receive payment or the customer does not establish a payment arrangement within the 15 days, the District will hand deliver a final turn-off notice to the service address and a service charge will be added to the account and included in the delinquent balance. Water service may be discontinued if the delinquent account has not been paid 70 days after issuance of the bill. If not paid at the end of the calendar year, delinquent account balances are subject to a lien being recorded against the property and may be collected through the property taxes on an annual basis.

In response to the recent novel coronavirus outbreak described under the caption “INVESTMENT CONSIDERATIONS— COVID-19 Pandemic,” on April 2, 2020, Governor Newsom signed an executive order, which among other things, suspends the authority of water systems, such as the District, from suspending water service for non-payment. The District has also temporarily suspended collection activities and late fees and penalties.

As of December 31, 2019, 3.14% of the accounts are 30 days delinquent, which represents approximately 0.3734% of the total amounts billed for 2019. The delinquency rate for June 2020, which was

6.17%, was slightly lower than the delinquency rate for June 2019, which was 6.83%. The District can make no assurances that delinquency rates will not increase as a result of the economic impact of the COVID-19 outbreak.

The District has reviewed the executive order and does not currently believe that such order and the District's temporary suspension of collection activities will materially adversely affect the District's projected operating results set forth under the caption "—Projected Operating Results and Debt Service Coverage" or the District's ability to pay the 2020 Bonds or to pay the Installment Payments, which secure the 2020A Certificates." However, no assurances can be made as to the ultimate impact of the outbreak and responses thereto by local, State and federal governments on the District. See the caption "INVESTMENT CONSIDERATIONS—COVID-19 Pandemic."

### **California Drought and Response**

***Governor's Executive Orders.*** Hydrological conditions in California can vary widely from year to year. In 2013, much of California experienced one of the driest years on record and such dry conditions continued through January 2014. Due to these record-dry conditions, then Governor Edmund G. Brown (the "Governor") proclaimed a drought emergency on January 17, 2014.

During the drought, on April 1, 2015, Governor Brown issued an executive order (the "2015 Executive Order") mandating, among other provisions, a 25% reduction in potable urban water usage in California (as compared to potable water usage in 2013) through February 28, 2016. On February 2, 2016, the reductions mandated by the 2015 Executive Order were extended through October 31, 2016. In connection with such extension, the general framework of the regulations implementing the 2015 Executive Order were left intact; however, urban water suppliers were provided credits and adjustments based on climate and recognition of significant investments made to create local, drought-resilient sources of potable water.

On May 9, 2016, then Governor Brown issued an executive order directing the State Water Resources Control Board (the "SWRCB") to adjust and extend the SWRCB's emergency water conservation regulations through the end of January 2017 (the "2016 Executive Order"). On May 18, 2016 and in accordance with the 2016 Executive Order, the SWRCB adopted an emergency water conservation regulation (the "2016 SWRCB Regulation") that replaced its February 2, 2016 emergency regulation and extended such regulations through January 31, 2017. The 2016 SWRCB Regulation requires urban water suppliers, such as the District to develop conservation standards based upon each urban water supplier's specific circumstances and replaces the prior percentage reduction-based water conservation standard described above. The conservation standards developed under the 2016 SWRCB Regulation must equal the percentages which urban water suppliers' total potable water supplies are insufficient to meet their total potable water demands after three additional dry years.

***District Drought Response Actions and Impact.*** In response to the drought and the 2015 Executive Order, the District enacted a Stage 3 Drought Contingency Plan. The Drought Contingency Plan spells out the action items the District will take to conserve water during limited supply. Some of the actions implemented by the District in connection with the Drought Contingency Plan included the temporary limiting and or suspending of additional water sales, mandatory treated water use reductions, and the establishment of a water waste reporting program. In addition to customer based conservation, the District modified its raw water system operations to achieve additional water conservation in 2015. The District also made use of its contract water purchase options with PG&E to purchase supplemental waters to prepare for additional dry years. As a result of these actions, the District achieved over 30% in treated water conservation in 2015.

Although the District's actions in response to the drought regulation described above under the caption "—Governor's Executive Orders" achieved reductions in water use, continued reduction in water sales may adversely affect the District's projected operating results set forth under the caption "— Projected Operating Results and Debt Service Coverage." However, the District does not currently believe that such

reductions will have a material adverse effect on the District’s ability to make Series 2020A Installment Payments from Net Revenues, which are secured in part by Revenues of the District’s hydroelectric facilities. Under the 2013 PG&E Contract, PG&E is obligated to make payments to the District based on the availability of the individual powerhouses comprising the District’s hydroelectric facilities, without regard as to the actual amount of hydroelectric generation. Therefore, the obligation of PG&E to make payments to the District under the 2013 PG&E Contract is not affected by the availability of water for the District’s hydroelectric facilities. See the captions “— Hydroelectric System Revenues — 2013 PG&E Contract” and “— Projected Operating Results and Debt Service Coverage” below. In addition, the District has covenanted in the Installment Purchase Agreement, to fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year. See the caption “SECURITY FOR THE 2020A Bonds — Rate Covenant Securing the Series 2020A Installment Payments” for a discussion of the obligations of the District to set rates and charges. The ability of the District to modify its current rate structure could, however, be limited by certain California Constitutional provisions, including but not limited to Proposition 218. See the caption “- Constitutional Limitations on Taxes.”

**Projected Demand**

The following table sets forth the District’s projected water deliveries for Fiscal Year 2020 and the subsequent four Fiscal Years.

**NEVADA IRRIGATION DISTRICT  
Projected Water Deliveries (Acre-Feet)**

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Increase/ (Decrease)</i>	<i>Raw Water</i>	<i>Increase/ (Decrease)</i>
2020	8,094	1.0%	122,310	1.0%
2021	8,175	1.0	123,533	1.0
2022	8,257	1.0	124,768	1.0
2023	8,339	1.0	126,016	1.0
2024	8,423	1.0	127,276	1.0

Source: The District.

The following table sets forth the District’s projected water connections for Fiscal Year 2020 and the subsequent four Fiscal Years.

**NEVADA IRRIGATION DISTRICT  
Projected Service Connections**

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Raw Water</i>	<i>Total Service Connections</i>	<i>Increase</i>
2020	19,717	5,171	24,888	0.7%
2021	19,914	5,223	25,137	1.0
2022	20,114	5,275	25,389	1.0
2023	20,315	5,328	25,643	1.0
2024	20,518	5,381	25,899	1.0

Source: The District.



## Projected Annual Water Sales, Customers and Average Monthly Water Sales

The following table sets forth the projected annual water sales, customers and average monthly water sales for the current and next four Fiscal Years. These projections reflect projected water deliveries and connections and projected water rates and charges described under the captions “Projected Demand” and “Water System Rates and Charges.”

### NEVADA IRRIGATION DISTRICT Projected Annual Water Sales, Customers and Average Monthly Water Sales

<i>Fiscal Year</i>	<i>Type of Service</i>	<i>Annual Water Sales</i>	<i>Monthly Customers</i>	<i>Average Monthly Water Sales Per Customer</i>
2020	Treated Water	\$17,380,943	19,717	\$ 882
	Raw Water	8,048,984	5,171	1,557
2021	Treated Water	18,548,942	19,914	943
	Raw Water	8,582,219	5,223	1,662
2022	Treated Water	20,032,857	20,114	1,008
	Raw Water	9,254,774	5,275	1,774
2023	Treated Water	21,635,486	20,315	1,078
	Raw Water	9,980,432	5,328	1,895
2024	Treated Water	23,366,325	20,518	1,152
	Raw Water	10,763,406	5,381	2,023

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Source: The District.

## Hydroelectric System Revenues

Revenues from the District’s hydroelectric power plants constitute Revenues pledged to payment of the Series 2020A Installment Payments. See the Official Statement under the caption “SECURITY FOR THE 2020A BONDS—Revenue Pledge Securing the Series 2020A Installment Payments.” In Fiscal Years 2018 and 2019, the Bowman Development, the Combie Project, the Scotts Flat Project and the Yuba-Bear FERC Project collectively accounted for approximately 37.8% and 37.1%, respectively of the District’s total Revenues pledged to payment of the Series 2020A Installment Payments. The District has not entered into any commodity hedges relating to its hydroelectric operations.

A description of each hydroelectric project is set forth below.

**Yuba-Bear FERC Project.** The District owns and operates the Yuba-Bear FERC Project, consisting of 79.32 megawatt (“MW”) hydroelectric facilities, which includes the 24.57 MW Dutch Flat No. 2 powerhouse, the 39.0 MW Chicago Park powerhouse, the 12.15 MW Rollins Development at Rollins Dam on the Bear River in Placer and Nevada Counties, the 3.6 MW Bowman Development on Canyon Creek, and related electrical facilities at the Middle Yuba River, Bear River, and Jackson and Canyon Creeks in Nevada, Placer and Sierra Counties. The electric output of the Yuba-Bear FERC Project is currently sold to PG&E under a power purchase contract entered into by the District and PG&E in 2013, which currently governs the sale of electric output from the Yuba-Bear FERC Project (the “2013 PG&E Contract”). As discussed under the caption “INVESTMENT CONSIDERATIONS – PG&E Bankruptcy” in this Official Statement, PG&E

entered bankruptcy in 2019. On June 20, 2020, the Bankruptcy Court confirmed PG&E's Chapter 11 Plan of Reorganization, determining that the plan met the necessary requirements for confirmation under the Bankruptcy Code. On July 1, 2020, PG&E emerged from bankruptcy. While in bankruptcy, PG&E continued to make payments under the 2013 PG&E Contract. Prior to filing for bankruptcy, PG&E failed to make certain payments under the District's power purchase agreements relating to the Combie Project and the Scotts Flat Project. The District filed claims for the amounts owed to the District during the PG&E bankruptcy proceeding. PG&E's Chapter 11 Plan of Reorganization provides for payment in full of the District's pre-petition claims. See the caption "INVESTMENT CONSIDERATIONS – PG&E Bankruptcy" in the forepart of this Official Statement for a discussion of the bankruptcy proceedings.

The District's Federal Energy Regulatory Commission ("FERC") license to operate the Yuba-Bear FERC Project expired on April 30, 2013. See the caption "—Expiration of FERC License" for a discussion of the District's expectations with respect to the operation of the Yuba-Bear FERC Project during the FERC relicensing process.

In certain parts of the District's service area, the District uses conveyance facilities owned by PG&E for the delivery of water to the District's power plants and to its distribution system and PG&E uses District water and portions of the District's water transmission system to serve its power plants located in or around the District. The PG&E contracts governing the Yuba-Bear FERC Project establish the terms under which PG&E and the District wheel water through portions of the other party's canal system and powerhouses. While in bankruptcy, PG&E continued to wheel water pursuant to the terms of such contracts. Prior to filing for bankruptcy, PG&E failed to provide payment to the District for water used in connection with PG&E's power generation. The District made a pre-petition bankruptcy claim in the amount of \$95,289.32 in the PG&E bankruptcy proceeding for amounts owed by PG&E under the contracts for the use of water. PG&E's Chapter 11 Plan of Reorganization provides for payment in full of the District's pre-petition bankruptcy claims.

The Bowman Development comprises a part of the facilities of the Yuba-Bear FERC Project and is a 3.6 MW hydroelectric facility at Bowman Reservoir on Canyon Creek in Nevada County. Electric output of the Bowman Development is sold to PG&E pursuant to the terms of the 2013 PG&E Contract. See the caption "—2013 PG&E Contract" below.

The District's FERC license to operate the Bowman Development (which is included in the license for the Yuba-Bear FERC Project) expired on April 30, 2013. See the caption "—Expiration of FERC License" for a discussion of the District's expectations with respect to the operation of the Bowman Development during the FERC relicensing process.

**Combie Project.** The District owns and operates the Combie Project, a 2.0 MW hydroelectric facility consisting of the 0.386 MW Combie North Power Project and the 1.5 MW Combie South Power Project at Lake Combie on the Bear River in Placer County. The electric output of the Combie North Power Project is currently sold to PG&E under a contract that expires in 2024 and the electric output of the Combie South Power Project is currently sold to the City of Lodi pursuant to a contractual arrangement with the Northern California Power Agency. The District submitted claims in the PG&E bankruptcy proceeding for pre-bankruptcy petition liability related to amounts owed to the District for unpaid electric generation at the Combie South Power Project in the amount of \$9,566.18, and \$9,042.71 at the Combie North Power Project. PG&E's Chapter 11 Plan of Reorganization provides for payment in full of the District's pre-petition bankruptcy claims. See the caption "INVESTMENT CONSIDERATIONS – PG&E Bankruptcy" in the forepart of this Official Statement.

**Scotts Flat Project.** The District owns and operates the Scotts Flat Project, a 0.85 MW hydroelectric facility at Scotts Flat Reservoir in Nevada County. The electric output from the Scotts Flat Project is currently used to offset District's utility costs through PG&E's RE-BCT Program. As a result of a failure by PG&E to make certain required payments under the contract, the District filed claims for pre-bankruptcy petition liability in the amount of \$7,543.89. PG&E's Chapter 11 Plan of Reorganization provides for payment in full

of the District's pre-petition bankruptcy claims. See the caption "INVESTMENT CONSIDERATIONS – PG&E Bankruptcy" in the forepart of this Official Statement.

**Expiration of FERC License.** The District's FERC license for the Yuba-Bear FERC Project (which includes the Bowman Development and the Rollins Development) expired on April 30, 2013. The Scotts Flat Project and the Combie Project are not subject to FERC relicensing. In early 2011, the District submitted an application for renewal of its FERC license pursuant to FERC's Integrated Licensing Process. In accordance with the Federal Power Act, the District is currently operating the Yuba-Bear FERC Project under successive, annual licenses from FERC, pending the issuance of a long term license by FERC. While the current FERC schedule suggests a long term license could be issued in 2021, the District cannot predict the actual date by which a long term license may be received from FERC. Until the long term license is issued, the District expects to continue receiving annual licenses from FERC permitting the continued operations of the Yuba-Bear FERC Project.

Total costs of the relicensing process as of December 31, 2019, were \$16,700,656. The District has made a loan from the Water Fund to the Electric Fund for the costs of the relicensing process. The District began repaying amounts from hydroelectric revenues to the Water Fund in Fiscal Year 2015. See the caption "Projected Operating Results and Debt Service Coverage" below.

The District believes that hydroelectric project operations will be significantly modified under a new FERC license in order to meet the requirements of environmental laws passed or imposed by federal agencies, and higher recreation demands since the original license was issued, but the District does not expect such modifications to have a materially adverse affect on the District's ability to pay the Series 2020A Installment Payments from Net Revenues. The projected operating results set forth under the caption "Projected Operating Results and Debt Service Coverage" reflect the District's current assumptions with respect to the terms of the renewal of the FERC license.

**2013 PG&E Contract.** In July 2013, the District entered into a power purchase agreement pursuant to which PG&E purchases the electric output of the Yuba-Bear FERC Project. In 2017, the 2013 PG&E Contract was amended to include the purchase and sale of the electric output produced at the Bowman Development. The 2013 PG&E Contract was approved by the California Public Utilities Commission on March 21, 2013.

Under the terms of the 2013 PG&E Contract, the District has agreed to sell and deliver all of the electric output, including ancillary products, services, or attributes associated with such output as further described therein (collectively, the "Product"), of the Yuba-Bear FERC Project (which includes the Rollins Development and the Bowman Development) to PG&E. The purchase price of the Product is determined by the availability of the individual powerhouses of the Yuba-Bear FERC Project, without regard to the actual hydroelectric generation from such facilities. The District is responsible for all costs or charges imposed on or associated with the delivery of the Product to each delivery point for the Yuba-Bear FERC Project, PG&E is responsible for all costs or charges imposed on or associated with the Product after its receipt thereof at each respective delivery point. In 2019, PG&E entered into bankruptcy which it has attributed to the potential magnitude of its liabilities related to wildfires in Northern California. On June 20, 2020, the Bankruptcy Court confirmed PG&E's Chapter 11 Plan of Reorganization, determining that the plan met the necessary requirements for confirmation under the Bankruptcy Code. On July 1, 2020, PG&E emerged from bankruptcy. See the caption "INVESTMENT CONSIDERATIONS – PG&E Bankruptcy" in the forepart of this Official Statement for a discussion of the bankruptcy proceedings.

**Fire Prevention and Response Plan.** The District is not a "local publicly owned electric utility" or "electrical corporation" and therefore is not subject to the requirement of California Senate Bill 901 to provide to the California Public Utilities Commission a Wildfire Mitigation Plan for review and approval. The District has, however, prepared a Fire Prevention and Response Plan (the "Fire Prevention Plan") as part of its re-license application for the Yuba-Bear FERC Project. The purpose of the Fire Prevention Plan is to provide fire

prevention procedures, reporting, and safe fire practices for District personnel and contractors responsible for operating and maintaining the Yuba-Bear FERC Project.

The Fire Prevention Plan was drafted to be applicable to the project area within the Yuba-Bear FERC Project boundary. The District has determined to apply the principles and measures described in the Fire Prevention Plan to all of its hydroelectric and recreation facilities, including those which are outside the Yuba-Bear FERC Project boundary to provide a common approach to fire prevention and response across District facilities. The District's preparation of the Fire Prevention Plan included information and data collection, research, consultation with resource agencies, and studies. The Fire Prevention Plan cites and draws upon multiple studies, guidelines, and standards from: Federal Agencies, State Agencies, Nevada County, Focus Groups (community advisory groups and commissions), Regional Agencies, and Cooperative Agreements. The Fire Prevention Plan requires that the District comply with all applicable laws of the State, the California Public Resource Code ("CPRC"), and State Health and Safety Code.

The Fire Prevention Plan also details specific communication requirements and minimum fire prevention and safety equipment which will be carried by District vehicles when performing operations and maintenance within the Yuba-Bear FERC Project area. Under the Fire Prevention Plan, the District will also ensure that the Bowman-Spaulding Transmission Line corridor is managed for compliance with CPRC requirements for hazard reductions, line clearances, vegetation and tree removal, and firebreak clearances. All Yuba-Bear FERC Project-related fires and any fire detected in the Yuba-Bear FERC Project area will be immediately reported by calling 911 (or using the District radios). The Fire Prevention Plan includes details regarding historic fires within the Yuba-Bear FERC Project area, as well as information on accessibility to specific Yuba-Bear FERC Project facilities. See the caption "INVESTMENT CONSIDERATIONS – Natural Disasters and Seismic Considerations-*Fire*" in the forepart of this Official Statement.

***Projected Hydroelectric Revenues.*** The projected operating results for Fiscal Years 2020 through 2024 set forth under the caption "Projected Operating Results and Debt Service Coverage" are based on the assumption that the District's hydroelectric facilities will be available for service pursuant to the terms of the 2013 PG&E Contract, subject only to scheduled maintenance. The District has planned major outages at Chicago Park powerhouse in Fiscal Year 2023 and Dutch Flat No. 2 powerhouse in Fiscal Year 2024. The District anticipates that these outages will have a significant impact on revenues received in such Fiscal Years. There can be no assurance that such assumptions will be realized and variations in the assumptions may produce substantially different financial results.

### **Future System Improvements**

The District projects additional capital improvements of approximately \$100,865,000 over the next five years. The District currently projects funding such additional capital improvements through a combination of the District Share of County 1% Property Tax, water rate revenue, hydroelectric fees, reserves and the issuance of the 2024 Installment Purchase Agreement.

The District delivers raw water in a portion of the District's service area through the South Yuba Canal system, consisting of a canal, a power plant of 5.0 MW, and related facilities owned by PG&E. PG&E does not wish to continue ownership of said system, and it is a critical component of the water transmission system delivering water into the District. PG&E and the District have completed negotiations relating to the sale of the South Yuba Canal system to the District and are waiting on approval by FERC, which includes breaking the license for the Deer Creek Project out of the PG&E Drum-Spaulding Project License, which the District anticipates to conclude within the next twelve months. The expected purchase price is \$1.00, but the annual and long term costs of operating and maintaining the South Yuba Canal system will be substantial. Neither Revenues and Maintenance and Operation Costs associated with District ownership of the South Yuba Canal system nor projected operation and maintenance or improvement costs related to the South Yuba Canal system are reflected under the caption "Projected Operating Results and Debt Service Coverage."

## Water Rights Matters

Most of the State's developed water supply comes from streams tributary to the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the "Bay-Delta"), where the San Joaquin River and the Sacramento River, and their respective tributaries, along with other rivers, converge and flow into San Francisco Bay, and thence to the Pacific Ocean. Much of that water is exported to central and southern California by large pumping plants in the southern part of the Bay-Delta. The District's primary water supply is derived from the Sierra Nevada in the upper reaches of the tributary and the District does not directly receive water from the Bay-Delta. However, the District's supply is directly and indirectly affected by activities in the Bay-Delta and the potential passage of laws, rules and regulations that seek to protect the environment of the Bay-Delta by restricting the diversion of water from rivers and streams within the watershed that flows to the Delta, including the rivers and streams from which the District's supply is derived.

The Bay-Delta is beset by degraded environmental conditions, onerous, and at times, conflicting federal and State laws, and extensive litigation and has become a bottleneck to water supply for the federal Central Valley Project (the "CVP") and the State Water Project (the "SWP"). The Bay-Delta has also become important as a potential source of demand for water itself in order to protect the Bay-Delta environment. In particular, there is growing concern that diversions of water upstream of the Bay-Delta, as well as the export of water from the Bay-Delta for delivery to central and southern California, has harmed, threatened and endangered species of fish resident in the Bay-Delta and anadromous species migrating through the Bay-Delta upstream to traditional spawning areas. In December 1994, key federal and State agencies, together with stakeholders in the water community representing agricultural, urban and environmental perspectives, entered into a historic document entitled "Principles for Agreement on Bay/Delta Standards Between the State of California and the Federal Government" (the "Bay-Delta Accord"). The Bay-Delta Accord outlined new water quality standards designed to restore and protect the Bay-Delta estuary and aquatic species, including anadromous fish. It was expected to reduce the water available for consumptive uses by an average of 300,000-400,000 acre-feet per year, but to assure water users that no additional reductions would occur for purposes of implementing statutes, such as the federal Endangered Species Act. The document also called for a cooperative State-federal program, known as "CALFED." The CALFED Program began in May 1995. The CALFED Program was intended to be a cooperative, interagency effort involving 18 State and federal agencies with management and regulatory responsibilities in the Bay-Delta, and was established to develop a long-term comprehensive plan to restore the ecological health and improve water management for beneficial uses of the Bay-Delta system.

The CALFED Program, however, was generally unsuccessful in achieving its goals. Limitations on funding from State and federal sources restricted its efforts to improve water supply reliability and the Environmental Water Account was not effective in securing adequate supplies to meet environmental requirements. More significantly, declining water quality and increasing declines in populations of endangered, threatened, and sensitive species of fish resident in and dependent on the Bay-Delta resulted in ever-increasing restrictions on pumping from the Bay-Delta, increasing demands for environmental water to be allowed to pass through the Bay-Delta without diversion for the CVP and the SWP and increasing litigation to protect the Bay-Delta environment and the affected species. Increasing demands for water flow into the Bay-Delta from upstream and shortages of water supply for the CVP and the SWP resulting from pumping restrictions caused the State Legislature to focus renewed attention on the Bay-Delta, and on new regulations to protect it, while attempting to preserve water supply reliability.

On July 25, 2012, Governor Jerry Brown and Secretary of the Interior Ken Salazar announced key proposed elements to advance the Bay Delta Conservation Plan ("BDCP") planning process, including north Bay-Delta water diversion facilities with a total capacity of 9,000 cubic-feet per second ("cfs"), two tunnels sized to minimize energy use during operations and a "decision tree" process for unresolved operation criteria such as fall and spring outflows.

In early 2015, the State separated the focus of the BDCP into two efforts: the California Eco Restore (“EcoRestore”) Project and the California Water Fix. California EcoRestore aims to accelerate and implement a comprehensive suite of habitat restoration actions to support the long-term health of the Bay-Delta’s native fish and wildlife. California Water Fix included construction of the two tunnel diversion facilities described above.

In February 2019, Governor Gavin Newsom announced his support for a revised Bay-Delta plan which includes one tunnel as opposed to two-tunnels with respect to the diversion facilities and revised the name of the project from “California Water Fix” to the “Delta Conveyance” project. Subsequently, on April 29, 2019, Governor Newsom issued an executive order directing identified State agencies to develop a comprehensive statewide strategy to build a climate-resilient water system. Among other things, the Governor’s executive order directed the State agencies to inventory and assess the current planning for modernizing conveyance through the Bay-Delta with a new single tunnel project.

The California Department of Water Resources (“DWR”) is pursuing a new environmental review and planning process for a single tunnel project to modernize the SWP’s Bay-Delta conveyance. The formal environmental review process commenced with the issuance by DWR of a Notice of Preparation under CEQA on January 15, 2020. Planning, environmental review and conceptual design work by DWR for a proposed single tunnel project is expected to take approximately 18 to 36 months. The District cannot currently predict whether the Delta Conveyance Project will be undertaken or, if undertaken the impact, if any, on the District’s water supply.

***State Water Resources Control Board Update on the Water Quality Control Plan.*** The SWRCB regulates water from both a water rights standpoint and from a water quality standpoint. Under the Clean Water Act, the SWRCB is required to adopt and implement, and periodically update, a water quality control plan for the Bay-Delta. The current water quality control plan for the Bay-Delta was adopted on May 22, 1995. The plan contains water quality objectives, outflow requirements, and project operation constraints consistent with the Bay-Delta Accord. The SWRCB then issued an interim order, Water Rights Order 95-6, which amended the previous water rights orders to remove the inconsistencies with the May 1995 Water Quality Control Plan. The SWP and the CVP have agreed to accept responsibility for meeting the Water Quality Control Plan objectives until the SWRCB conducts a broader review of water rights permits. In December 2003, the SWRCB initiated a periodic review of the 1995 Water Quality Control Plan to determine whether it provides adequate protection for existing beneficial uses of water. The SWRCB has completed that review, and it adopted an amended Water Quality Control Plan for the Delta on December 13, 2006. The SWRCB made what it described as “minor” changes to the plan adopted in 1995. The Water Quality Control Plan is subject to periodic, triennial review. The current review of the Water Quality Control Plan was initiated in 2010 and is ongoing.

The SWRCB’s current review and update of the Water Quality Control Plan is being undertaken in phased proceedings. In December 2018, the SWRCB completed Phase 1 of the Water Quality Control Plan proceedings, adopting the plan amendments and environmental documents to support new unimpaired flow standards for San Joaquin River tributaries and revised southern Bay-Delta salinity objectives. Phase 1 does not directly implicate the District and the tributaries from which the District’s water rights derive. Various stakeholders filed suit against the SWRCB challenging the Phase 1 amendments. As part of Phase 2 proceedings, a framework document for the second plan amendment process, focused on the Sacramento River and its tributaries, Bay-Delta eastside tributaries, Bay-Delta outflows, and interior Bay-Delta flows, was released in July 2018. The Phase 2 proceeding as described in the framework would likely implicate the District and its water rights, if advanced by the SWRCB. The framework describes changes that will likely be proposed by the SWRCB through formal proposed amendments and supporting environmental documents. The proposed changes include certain unimpaired flow requirements for the Sacramento River and many of its salmon tributaries.

Separate from Phase 1 and Phase 2, the SWRCB has also encouraged all stakeholders to work together to reach one or more voluntary agreements for consideration by the SWRCB that could implement the proposed amendments to the Water Quality Control Plan through a variety of tools, while seeking to protect water supply reliability. A framework for voluntary agreements was made public in February 2020 that outlined a 15-year program to improve environmental conditions, in an adaptive way, through new flows dedicated to the environment and creation and restoration of habitat throughout the Bay Delta watershed. The District has expressed support for voluntary agreements and is participating, along with other water right holders and stakeholders, in refining the proposed framework into a legally binding package that will undergo third-party scientific review, environmental review and a public approval process by the SWRCB.

**SWRCB Decision 1641.** From July 1, 1998 through December 27, 1999, the SWRCB conducted hearings intended to determine those water rights that would be subject to limitations in order to increase flows needed to preserve the Bay-Delta. The hearings were conducted in eight phases collectively known as the Bay/Delta Water Rights Hearing. On December 29, 1999, upon completion of the first seven phases of the Bay/Delta Water Rights Hearing, the SWRCB adopted Water Right Decision 1641 (“D-1641”), determining partial responsibility for meeting the objectives in the 1995 Water Quality Control Plan and resolving other related issues. In D-1641, the SWRCB assigned responsibility for specified periods to a limited number of water users (including the Bureau and DWR) in the watersheds of the San Joaquin River above Vernalis, the Mokelumne River, Putah Creek, Cache Creek, and the Bear River. Responsibility was assigned based on agreements negotiated among diverters within those watersheds, including the CVP and the SWP. The District was not a signatory to any of such agreements. These responsibilities require that the signatories in these watersheds contribute specified amounts of water, and further specify that the Bureau and DWR serve as guarantors to provide the water necessary to ensure that the objectives are met in the Bay-Delta. To meet any potential responsibilities that were not assigned by D-1641, Conditions 1 and 2 thereof require that the Bureau and DWR meet those objectives as well. Conditions 1 and 2 of D-1641 also require that the Bureau and DWR meet certain objectives that the SWRCB did not contemplate assigning to other parties, such as export limits and gate closure requirements. Conditions 1 and 2 will remain in effect until the SWRCB reopens the proceedings or initiates new proceedings and makes further decisions assigning responsibilities to other water right holders in areas where the potential responsibilities have not yet been determined. There is no estimate at this time of when such new proceedings will be conducted, if at all.

Phase 8 of the Bay/Delta Water Rights Hearing was intended to address responsibility, if any, of users in the Sacramento River watershed which did not sign the foregoing agreements, including the District, for meeting the objectives in the 1995 Water Quality Control Plan. The District was a respondent in such proceedings and was prepared to participate in hearings to defend its right to use its water rights. However, in early 2001, an agreement terminating Phase 8 of the Bay/Delta Water Rights Hearing was reached among the Bureau, DWR, the Northern California Water Association (on behalf of some of the water rights holders in the Sacramento River watershed), the San Luis & Delta-Mendota Water Authority (on behalf of south-of-Delta CVP contractors), the State Water Contractors (on behalf of south-of-Delta SWP contractors), and the Contra Costa Water District. The agreement contemplates the development of supplemental water projects in the Sacramento Valley that would be developed, *inter alia*, to provide water to the SWP and CVP to help meet objectives in the 1995 Water Quality Control Plan, and pending that development, the responsibility for meeting the requirements of the 1995 Water Quality Control Plan remains on the CVP and the SWP. The development of the 2001 agreement has been postponed pending the completion of the required environmental review by DWR. Without development of such an agreement, Phase 8, or a proceeding for the same purpose as Phase 8, could be reinstated. The District was not a signatory to the 2001 agreement terminating Phase 8 of the Bay/Delta Water Rights Hearing.

Various legal challenges to D-1641 were resolved in a published appellate decision, in which the court of appeal largely upheld D-1641. On remand, the SWRCB has addressed those aspects of D-1641 that the court of appeal found deficient through the amendments to the Water Quality Control Plan described above and other proceedings.

***Endangered Species Act.*** Numerous fish species that reside in or migrate to upstream spawning areas through the Bay-Delta have been or are now being considered for listing under the federal Endangered Species Act. Certain of such species migrate into lower reaches of the Yuba River, where flows could be affected by the District's diversions.

***New Water Rights for the Proposed Centennial Reservoir.*** In 2014 the District petitioned the SWRCB for assignment of State-filed water rights for the proposed new Centennial Reservoir. Fifteen protests to the District's petition were received and the District has since provided answers to all protests. Environmental review of the proposed project is ongoing. The SWRCB will ultimately conduct a hearing on the District's petition and any unresolved protests and determine whether to assign the water rights to the District.

***Pending Change Petitions with the SWRCB.*** In 2009 the District petitioned for change on 26 of the District's water right permits in an effort to try to license those water rights. Protests were received from numerous parties, including state and federal agencies. Efforts to resolve those protests have been partially successful. Unresolved protests will ultimately need to be resolved after hearing by the SWRCB.

The District cannot predict the outcome of the foregoing initiatives, legislation, and legal proceedings, nor whether the Endangered Species Act or any other legal issue will limit the District's operations and diversions. All of the foregoing pose risks of regulatory, litigation, or legislative actions that could attempt to limit the District's diversion and use of water from streams and rivers that are tributary to the Bay-Delta. The District will continue to monitor and participate in such actions as are necessary to protect the District's water rights, but it cannot predict the outcome of such proceedings. Because the District's service area is served by rivers that are tributary to the Bay-Delta, it is possible that any of the foregoing initiatives, legislation and legal proceedings that are intended to limited water diverted for beneficial use upstream of the Bay-Delta could have a significant impact on the District's water supply. However, at this time the District is not aware of any such proposal or program that would limit the District's ability to pay the Series 2020A Installment Payments from Net Revenues.

## **Financial Statements**

A copy of the most recent audited general purpose financial statements of the District, including the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards, prepared by Richardson & Company, LLP, Sacramento, California (the "Auditor"), are included as Exhibit A-1 hereto (the "Financial Statements"). The Auditor's report concludes that the audited Financial Statements referred to above present fairly, in all material respects, the financial position of the Water and Electric Funds of the District as of December 31, 2018, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts. The Auditor has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the Financial Statements addressed in that report. The Auditor has also not performed any procedures relating to this Official Statement.

The accounts of the District are organized and operated as three enterprise funds: one for the water system, one for the hydroelectric system and one for the District's recreation activities. An enterprise fund is an accounting entity with a self-balancing set of accounts established to record the net position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing business in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues.

The District accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as the District ("GAAP"). The District utilizes the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized as they



are incurred. In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See Note 1 to the District's audited financial statements for Fiscal Year 2018 set forth in Exhibit 1 hereto for a discussion of the accounting policies applicable to the District. Except as otherwise expressly noted herein, all financial information derived from the District's audited financial statement reflect the application of GAAP.

For Fiscal Years 2015 through 2018, the summary operating results contained under the caption "Historic Operating Results and Debt Service Coverage" are derived from these financial statements (excluding revenues and expenses relating to the District's recreation facilities, certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto. The summary operating results for Fiscal Year 2019 are derived from the District's unaudited estimated results.

### **Investment Policy**

All monies held by the District which are not required for immediate expenditures are pooled and invested in instruments authorized under Section 53601 of the Government Code. Criteria for selecting investments are, in order of priority, safety, liquidity, and yield. The District invests only in the safest types of securities or institutions and diversifies its investment portfolio so that potential losses on individual securities will be minimized. The District limits its investments in long term securities to a maximum maturity of five years or less. Investments are made so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Investments are designed to produce an acceptable rate of return after first considering safety of principal and liquidity. Authority to manage the investment program is granted to the Treasurer of the District, who carries out procedures consistent with the District's statement of investment policy. All securities purchased are held in third party safekeeping by an acceptable institution. These include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). A report is given to the Board at least once each quarter, within 45 days after the reporting period. The report complies with Section 53646 of the Government Code.

### **Cash Reserves**

The District maintains unrestricted and restricted cash for use in operating the systems and performing capital projects. Cash reserves are pooled for investment purposes. As of December 31, 2019, the District had on deposit approximately \$80,405,614 of unrestricted reserves ("District General Reserves"). All District General Reserves are available to make Series 2020A Installment Payments in the event that other available moneys are not sufficient therefor. The District may, however, expend all or a portion of the District General Reserves on capital, operating or other expenses of the District and there can be no assurance that the District will continue to maintain District General Reserves in the future. The District adopted Reserve Policy 3040 in year 2013 under Resolution 2013-24.

### **Historic Operating Results and Debt Service Coverage**

The following table is a summary of the operating results of the Water System of the District for the last five Fiscal Years. With the exception of the data pertaining to Fiscal Year 2019, such results have been derived from the District's Financial Statements and audited financial statements for previous years, but exclude revenues and expenses relating to the District's recreation facilities and certain non-cash items and include certain other adjustments and reclassifications. As of the date of this Official Statement, the District's audited financial statements for Fiscal Year 2019 are not available. The summary of operating results of the Water System of the District for Fiscal Year 2019 were derived from the District's unaudited estimated results. The table has not been audited by the District's Auditor.

**NEVADA IRRIGATION DISTRICT**  
**Historic Operating Results and Debt Service Coverage**  
**(Fiscal Year Ended December 31)**

	2015	2016	2017	2018	2019 <sup>(1)</sup>
Revenues <sup>(2)</sup>					
Treated Water Sales	\$12,184,174	\$13,593,471	\$14,824,579	\$16,057,328	\$16,679,929
Raw Water Sales	5,998,798	6,371,539	6,929,736	7,344,573	7,616,380
Hydroelectric Revenue	20,998,327	22,612,264	23,662,658	23,581,640	24,310,816
Taxes and Assessments	10,707,911	11,363,997	11,750,933	12,331,723	12,676,875
New Connections and Installations	391,315	225,972	419,977	865,917	224,602
Rents and Leases	101,065	134,796	84,186	160,117	106,372
Standby Charges	127,318	124,533	128,868	135,886	131,541
Interest Income <sup>(3)</sup>	526,568	1,164,646	1,478,966	1,191,452	1,477,819
Other <sup>(4)</sup>	1,177,124	1,248,942	698,763	755,427	1,738,935
Transfer In <sup>(5)</sup>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>
Total Revenues	\$52,431,178	\$57,058,738	\$60,197,244	\$62,642,641	\$65,181,847
Maintenance and Operation Costs – Water <sup>(6)</sup>	\$23,934,801	\$26,962,390	\$29,172,558	\$34,054,360	\$32,667,896
Maintenance and Operation Costs – Hydroelectric <sup>(6)</sup>	<u>6,622,660</u>	<u>7,775,377</u>	<u>9,200,564</u>	<u>8,840,640</u>	<u>9,659,337</u>
Total Maintenance and Operation Costs	\$30,557,461	\$34,737,767	\$38,373,122	\$42,895,000	\$42,327,233
Net Revenues Available For Debt Service <sup>(7)</sup>	\$21,873,717	\$22,320,971	\$21,824,122	\$19,747,641	\$22,854,615
Debt Service <sup>(8)</sup>					
2005 Installment Payments	\$ 1,968,863	\$ --	\$ --	\$ --	\$ --
2011A Installment Purchase Agreement	2,078,218	2,084,219	2,074,644	2,077,969	2,077,144
2016A Installment Purchase Agreement	0	354,787	1,503,850	1,500,725	1,502,165
CDPH Loan	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>
Total Debt Service	\$4,265,659	\$2,657,584	\$3,797,072	\$3,797,272	\$3,797,887
Net Revenues Remaining After Payment of Debt Service	\$17,608,058	\$19,663,387	\$18,027,050	\$15,950,369	\$19,056,728
Debt Service Coverage <sup>(9)</sup>	5.13	8.40	5.75	5.20	6.02

(1) Amounts for Fiscal Year 2019 derived from unaudited estimated results.

(2) Amounts do not include amounts derived from the operation of the District's recreation facilities.

(3) Does not include unrealized gains or losses.

(4) Includes rents, leases, standby revenues, reimbursements, fees, gain on the sale of capital assets, operating intergovernmental revenue (grants). Excludes grant revenues for capital projects.

(5) Represents the transfer in of capacity fees approved by the Board to pay a portion of the CDPH loan.

(6) Maintenance and Operations Costs excludes depreciation and amortization and expenses relating to the District's recreation facilities.

(7) Total Revenues minus Total Maintenance and Operation Costs.

(8) Rounded to nearest whole number. CDPH Loan reflects portions of payment expected to be paid from Net Revenues and does not reflect portion of payments under CDPH Loan expected to be paid from assessments levied by Community Facilities District No. #2007-01.

(9) Net Revenues Available for Debt Service divided by Total Debt Service.

Source: The District.

***Audit Findings and District Responses.*** In each of the Auditor's reports on internal control over financial reporting prepared in connection with the audited basic financial statements of the District for the respective Fiscal Years ending December 31, 2015 through December 31, 2018, the Auditor identified the following previously identified unresolved deficiencies in internal control which the Auditor considered to be a material weakness: delays in producing closing entries, schedules, reconciliations, account analysis and other financial information needed by management and auditors, which resulted in numerous adjustments. That Auditor noted that the large number of adjustments identified during the audit indicate that the District does not have the internal controls in place to prevent or detect misstatements on a timely basis, and that a number of issues, including system and staffing issue, contributed to the delay in closing the books and the large number of adjustments.

In response to the previously identified unresolved deficiencies discussed in the prior paragraph, the District, in the Financial Statements, responded that it is committed to resolving the issues with the timeliness of the closing process and that the District has continued its efforts to implement the required policies, procedures, process changes and staffing to address the Auditor's findings. The District revised its chart of accounts and implemented a streamlined general ledger account structure that created a uniform chart of accounts across divisions. The District also implemented changes to cash receipt, revenue billing and payroll systems intended to ensure agreement with the posting to the appropriate general ledger accounts and to improve timing of the recording of a transaction in accordance with accrual based GAAP. The District also increased daily monitoring, and review processes and systems were implemented to review for policy and GAAP compliance. The District also hired an accountant to fill a long-term vacancy in the District's accounting division. In addition, the District developed plans to select new enterprise resource planning software.

The Auditor, in the respective reports, noted that no new material weaknesses were identified in 2018, 2017, 2016 and 2015, as applicable.

In addition to the material weakness identified by the Auditor and discussed above, the Auditor's report on internal control over financial reporting prepared in connection with the audited basic financial statements of the District for the Fiscal Year ending December 31, 2015, identified the following additional, previously identified unresolved deficiencies in internal control which the Auditor considered to be material weaknesses: (i) a budget to actual comparison of operating activity was not generated from the general ledger and (ii) the District does not perform a year-end inventory count. These material weaknesses were addressed in the subsequent Fiscal Year.

In each of the Auditor's reports on internal control over financial reporting prepared in connection with the audited basic financial statements of the District for the respective Fiscal Years ending December 31, 2015 through December 31, 2018, the Auditor reported a previously identified unresolved deficiency relating to the cash handling processes at the District's recreation facilities that the Auditor considered to be a material weakness. A discussion of this deficiency and the District's response can be found beginning on page 75 of the District's Financial Statements included as Exhibit A-1 hereto. Amounts derived from the District's recreation facilities are not included in Revenues.

### **Projected Operating Results and Debt Service Coverage**

The District's projected operating results and debt service coverage for the Fiscal Years 2020 through 2024 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the assumptions set forth in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

**NEVADA IRRIGATION DISTRICT**  
**Projected Operating Results and Debt Service Coverage**  
**(Fiscal Year Ended December 31)**

	<i>2020</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>
Revenues					
Treated Water Sales <sup>(1)</sup>	\$ 17,380,943	\$ 18,548,942	\$ 20,032,857	\$ 21,635,486	\$ 23,366,325
Raw Water Sales <sup>(1)</sup>	8,048,984	8,582,219	9,254,774	9,980,432	10,763,406
Hydroelectric Revenue <sup>(2)</sup>	24,657,245	25,008,611	25,364,984	25,726,435	20,874,429
Taxes and Assessments <sup>(3)</sup>	13,120,875	13,645,710	14,191,538	14,759,200	15,349,568
New Connections and Installations <sup>(4)</sup>	275,123	286,128	297,573	309,476	321,855
Rents and Leases <sup>(5)</sup>	190,418	198,035	205,956	214,194	222,762
Standby Charges <sup>(6)</sup>	140,715	146,344	152,197	158,285	164,617
Interest Income <sup>(7)</sup>	934,858	919,112	947,276	1,027,905	1,157,027
Other <sup>(8)</sup>	1,570,501	1,009,321	1,049,694	1,091,682	1,135,349
Transfer In <sup>(9)</sup>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>
Total Revenues	\$ 66,538,240	\$ 68,562,999	\$ 71,715,428	\$ 75,121,672	\$ 73,573,916
Maintenance and Operation Costs – Water <sup>(10)</sup>	\$ 35,978,177	\$ 37,687,657	\$ 39,463,436	\$ 40,937,371	\$ 42,325,706
Maintenance and Operation Costs – Hydroelectric <sup>(11)</sup>	<u>11,195,116</u>	<u>11,807,101</u>	<u>12,289,408</u>	<u>12,690,199</u>	<u>13,067,479</u>
Total Maintenance and Operation Costs	\$ 47,173,293	\$ 49,494,758	\$ 51,752,844	\$ 53,627,571	\$ 55,393,185
Net Revenues Available For Debt Service	\$ 19,364,947	\$ 19,068,241	\$ 19,962,584	\$ 21,494,101	\$ 18,180,731
Debt Service <sup>(12)</sup>					
2011A Installment Purchase Agreement	\$ 2,077,269	\$ -	\$ -	\$ -	\$ -
2016A Installment Purchase Agreement	1,500,225	1,502,600	1,503,225	2,233,350	2,231,975
2020A Installment Purchase Agreement <sup>(13)</sup>	-	1,934,875	1,931,625	1,199,000	1,202,625
2024 Installment Purchase Agreement <sup>(14)</sup>	-	-	-	-	2,890,506
CDPH Loan <sup>(15)</sup>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>	<u>218,578</u>
Total Debt Service	\$ 3,796,072	\$ 3,656,053	\$ 3,653,428	\$ 3,650,928	\$ 6,543,684
Net Revenues Remaining After Payment of Debt Service	\$ 15,568,875	\$ 15,412,188	\$ 16,309,156	\$ 17,843,173	\$ 11,37,046
Debt Service Coverage <sup>(16)</sup>	5.10	5.22	5.46	5.89	2.78

(1) Reflects projected water sales revenues described under the caption “Projected Annual Water Sales, Customers and Average Monthly Water Sales.” Projected to increase approximately 7.6% from Fiscal Year 2020 to 2024 pursuant to approved rate increase and additional demand. See the captions “Water System Rates and Charges” and “Projected Demand.” Rate increases are subject to the notice, public hearing and protest process described in the Official Statement under the caption “CONSTITUTIONAL LIMITATIONS TAXES—Proposition 218.” There can be no assurance that the Board will not reduce approved rate increases in the future or that rate increases through Fiscal Year 2024 will be adopted as currently projected.

(2) Projected to increase 1.4% per annum from Fiscal Year 2020 amount through 2023. Reduced by 20% in 2024 due to scheduled outages at the Chicago Park powerhouse in connection with the turbine and generator rewind project.

(3) Projected to increase approximately 4% per annum from Fiscal Year 2020 amount. See the caption “District Share of County 1% Property Tax—General.” Excludes voter approved assessments, improvement district assessments, community facilities district assessments and assessment district assessments which do not constitute Revenues.

(4) Projected to increase approximately 4% per annum from Fiscal Year 2020 amount.

(5) Projected to increase approximately 4% per annum from Fiscal Year 2020 amount.

- (6) Projected to increase approximately 4% per annum from Fiscal Year 2020 amount.
- (7) Projected to earn approximately 1.5% per annum based on District’s unrestricted reserve balances at the end of Fiscal Year 2020. See the captions “Investment Policy” and “Cash Reserves.”
- (8) Includes rents, leases, standby revenues, reimbursements, fees, gain on the sale of capital assets, operating intergovernmental revenue (grants), and is projected to increase 4% per annum from Fiscal Year 2020. Excludes grant revenues for capital projects.
- (9) Represents the transfer in of capacity fees approved by the Board to pay a portion of the CDPH loan. Excludes amounts transferred in from the District’s hydroelectric operation.
- (10) Reflects projected increases of 4.4% per annum of Maintenance and Operations Costs from Fiscal Year 2020 to 2024 for the District’s Water System. Increase in Fiscal Year 2020 from Fiscal Year 2019 due in part to approximately \$2.5 million of projected costs related to the hiring of additional full-time staff.
- (11) Reflects projected increases of 3.4% per annum of Maintenance and Operations Costs from Fiscal Year 2020 to 2024 for the District’s hydroelectric facilities. Excludes transfers out to the District’s Water System.
- (12) Rounded to nearest whole number. Includes Installment Payments payable on or prior to December 31 of each Fiscal Year to be applied to make interest and principal payments due on January 1 of the succeeding Fiscal Year.
- (13) Projected at a true-interest cost of 2.36% and a principal amount of \$14,615,000.
- (14) Projected at a true interest cost of 4.50% and a principal amount of \$54,195,000.
- (15) Reflects projected portion of payments under CDPH Loan expected to be paid from Net Revenues. Does not reflect portion of payments under CDPH Loan expected to be paid from assessments levied by Community Facilities District #2007-01. See the caption “Outstanding Indebtedness—Payable From Revenues.”
- (16) Net Revenues Available for Debt Service divided by Total Debt Service.

Source: The District.

## **Litigation**

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2020A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

## **Constitutional Limitations on Taxes**

***Ad Valorem Property Taxes.*** On June 6, 1978, State voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution. This amendment, which added Article XIII A to the State Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property from the 1% limitation. Legislation enacted by the State Legislature provides that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100 of assessed valuation (based on full cash value).

***Article XIII B.*** Article XIII B of the State Constitution limits the annual appropriations of the State and of any district, county, school district, corporation or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The “base year” for establishing such appropriation limit is the 1978-79 State fiscal

year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation); and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The District is of the opinion that revenues from its water charges do not constitute proceeds of taxes because such revenues do not exceed the costs that the District reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B. The District has covenanted in the Installment Purchase Agreement that, to the fullest extent permitted by law, it will fix and prescribe, at the commencement of each Fiscal Year, rates and charges sufficient to provide for payment of the Series 2020A Installment Payments in each year. See the caption "SECURITY FOR THE 2020A BONDS—Rate Covenant Securing the Series 2020A Installment Payments."

***Proposition 218.***

*General.* An initiative measure entitled the "Right to Vote on Taxes Act" (the "Initiative") was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the State Constitution. According to the "Title and Summary" of the Initiative prepared by the State Attorney General, the Initiative limits "the authority of local governments to impose taxes and property-related assessments, fees and charges."

*Article XIII D.* Article XIII D defines the terms "fee" and "charge" to mean "any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service." A "property-related service" is defined as "a public service having a direct relationship to property ownership." Article XIII D further provides that reliance by an agency on any parcel map (including an assessor's parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D establishes two different procedures for imposing or increasing assessments and/or property-related fees or charges. An assessment for special benefits, including a standby charge, requires the preparation of an Engineer's Report, notice and the distribution of ballots to the public, a public hearing and a majority affirmative vote before the assessment can be imposed. An agency seeking to impose or increase any property-related fee or charge other than an assessment or standby charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it on or before the date of the public hearing.

In addition, Article XIID includes a number of limitations applicable to existing or increased fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (b) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the language of Article XIID and the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, the water community was generally of the opinion that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates) because such charges were related to consumption of the service, not property ownership. However, the State Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) (the “*Bighorn Case*”) that fees for ongoing water service through an existing connection were property-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The District has not raised standby charges since passage of Proposition 218. The District has complied with the notice and majority protest requirements of Article XIID in determining whether to change metered water charges, as described under the caption “Water System Rates and Charges,” since 2007.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano* upholding tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion was specific to the facts of the case, including a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District’s water rates are described under the caption “—Water System Rates and Charges” above. The District does not currently expect the decision to affect its water rate structure. The District believes that its current water rates comply with the requirements of Proposition 218 and expects that any future water rates will comply with Proposition 218’s procedural and substantive requirements to the extent applicable thereto.

*Article XIIC.* Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC applied to rates and fees charged for water service. In the decision, the Court noted that it was not addressing whether an initiative to reduce fees and charges could override statutory rate setting obligations. The full scope of Article XIIC is not yet defined by court decisions and it is possible that it could be applied to assessments, rates, and charges the proceeds of which constitute Revenues pledged to pay the Series 2020A Installment Payments. Although the District does not believe that District voters could use the initiative process under Article XIIC to impair District contractual obligations directly, challenges that result in a reduction of District rates and assessments, even though materially limiting the District’s ability to meet its obligations to pay the Series 2020A Installment Payments, may not be considered a direct impairment of the District’s obligations under the Installment Purchase Agreement. Therefore, there can be no assurance of the availability of legal remedies adequate to protect the security of the beneficial owners of the 2020A Bonds in the event of a challenge to District rates and fees under Article XIIC. Moreover, remedies available to beneficial owners of the 2020A Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the 2020A Bonds are held in book-entry form, DTC (or its nominee) will be the sole

registered owner of the 2020A Bonds and the rights and remedies of the 2020A Bond Owners will be exercised through the procedures of DTC.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the right and obligation with respect to the Installment Purchase Agreement is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

The District believes that its current water rates comply with the requirements of Proposition 218 and expects that any increases in current rates and charges or the adoption of any new future water rates will be subject to compliance with Proposition 218's procedural and substantive requirements to the extent applicable thereto.

**Proposition 26.** On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The District does not believe that the enactment of Proposition 26 affects its ability to charge for services provided by the Water System.

**Future Initiatives.** Articles XIII B, XIII C and XIII D were adopted as measures amending the State Constitution that qualified for the ballot pursuant to the State's initiative process. In the future, other initiatives could be proposed, placed on the ballot and adopted affecting the District's revenues or ability to increase revenues.

### **Execution and Delivery**

The execution and delivery of this Appendix have been duly authorized by the District.

NEVADA IRRIGATION DISTRICT

By: \_\_\_\_\_  
President



**EXHIBIT A-1**

**NEVADA IRRIGATION DISTRICT AUDITED FINANCIAL STATEMENTS  
INCLUDING THE AUDITOR'S REPORT ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING**

**EXHIBIT A-2**

**NEVADA IRRIGATION DISTRICT WATER RATES AND CHARGES**

## **APPENDIX B**

### **DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS**

*The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.*

**[TO BE INSERTED BY BOND COUNSEL]**

## APPENDIX C

### PROPOSED FORM OF LEGAL OPINION

*Upon issuance of the 2020A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:*

September \_\_, 2020

Nevada Irrigation District Joint Powers Authority  
1036 West Main Street  
Grass Valley, CA 95945

Re: \$\_\_\_\_\_ Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2020A

Members of the Board of Directors:

We have acted as Bond Counsel to the Nevada Irrigation District Joint Powers Authority (the "Authority") in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Revenue Bonds, Series 2020A (the "Bonds"). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of August 1, 2020 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the Authority payable solely from Revenues (as such term is defined in the Indenture), consisting of installment payments to be made by the Nevada Irrigation District (the "District") to the Authority pursuant to an Installment Purchase Agreement, dated as of August 1, 2020, by and between the District and the Authority.

In connection with our representation we have examined a certified copy of the proceedings relating to the Bonds. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance by the Authority of the Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals.

4. Interest on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity (to the extent that such issue price is lower than the stated redemption price at maturity) with respect to such Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code") by Bond Owners. Such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a 2020A Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner.

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the Authority and others and are subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority has covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to the Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the rights and obligations under the Indenture and the Bonds are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

By delivering this opinion, we are not expressing any opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the Bonds, the Indenture or the Installment Purchase Agreement, nor are we expressing any opinion with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Indenture or the Installment Purchase Agreement or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on any assets thereunder.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement relating to the Bonds or other offering material relating to the 2020 Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

## APPENDIX D

### DTC AND BOOK-ENTRY ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the District and the Underwriter believe to be reliable, but neither the Authority, the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2020A Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the 2020A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2020A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.*

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2020A Bonds. The 2020A Bonds will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be executed and delivered for each annual maturity of the 2020A Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of 2020A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2020A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2020A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2020A Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 2020A Bonds, except in the event that use of the book-entry system for the 2020A Bonds is discontinued.

To facilitate subsequent transfers, all 2020A Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of 2020A Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2020A Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such 2020A Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of 2020A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2020A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2020A Bond documents. For example, Beneficial Owners of 2020A Bonds may wish to ascertain that the nominee holding the 2020A Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2020A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2020A Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts 2020A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2020A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A 2020A Bond Owner shall give notice to elect to have its 2020A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2020A Bond by causing the Direct Participant to transfer the Participant's interest in the 2020A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2020A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2020A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2020A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2020A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical 2020A Bonds are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, 2020A Bonds will be printed and delivered to DTC.

**THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2020A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2020A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.**



## APPENDIX E

### FORM OF CONTINUING DISCLOSURE CERTIFICATE

*Upon issuance of the 2020A Bonds, the District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:*

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Nevada Irrigation District (the “District”) in connection with the issuance by the Nevada Irrigation District Joint Powers Authority (the “Authority”) of its \$\_\_\_\_\_ Revenue Bonds, Series 2020A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2020 (the “Indenture”), by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Authority. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of December of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Installment Purchase Agreement. “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of August 1, 2020, by and between the District and the Authority.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated \_\_\_\_, 2020 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2020) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the District for the most recent Fiscal Year, then ended prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Bonds outstanding.

(c) An update for the last Fiscal Year only of the information in the following tables or paragraphs in Appendix A—“INFORMATION RELATING TO THE NEVADA IRRIGATION DISTRICT” in the Official Statement:

(1) “District Share of County 1% Property Tax;”

(2) “Historic Water Deliveries;”

(3) “Historic Service Connections;”

(4) “Historic Operating Results and Debt Service Coverage; provided, however, that if such information can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under this section 4(c) shall not constitute a default hereunder.”

(d) Any or all of the items listed in (a), (b) or (c) above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be

available from the Municipal Securities Rulemaking Board; and provided further, that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or a Notice of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bond holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(e) While the failure to file a notice of the occurrence of a Listed Event under Section 5(a)(8) shall constitute non-compliance with the terms hereof and may be required to be disclosed by the Authority in accordance with the Rule, failure shall not constitute an event of default hereunder if (i) the District did not receive written notice of such rating change from the respective rating agency, (ii) the rating change was a result of a change in the rating of a liquidity or credit enhancement and the market was generally aware of the change in the rating of such liquidity or credit enhancer or (iii) the rating agency filed a notice of such rating change with EMMA.

7. Termination of Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation or another nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. Notwithstanding the foregoing, no action may be undertaken by Holders or Beneficial Owners of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of a Holders or Beneficial Owner of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Dissemination Agent. The District may from time to time appoint or engage a dissemination agent to assist the District in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Dated: \_\_\_\_\_, 2020

NEVADA IRRIGATION DISTRICT

By: \_\_\_\_\_  
Its: President of the Board of Directors

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INSTALLMENT PURCHASE AGREEMENT

by and between

NEVADA IRRIGATION DISTRICT

and

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY

Dated as of August 1, 2020

relating to

\$\_\_\_\_\_

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A

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## INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of August 1, 2020, by and between NEVADA IRRIGATION DISTRICT, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

### W I T N E S S E T H:

WHEREAS, the District proposes to enter into this Installment Purchase Agreement to refinance the acquisition and construction of certain capital improvements to the Water System previously financed from proceeds of the Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A, as more particularly described in Exhibit A hereto (the “2020A Project”);

WHEREAS, the Authority has agreed to assist the District in refinancing the 2020A Project;

WHEREAS, the District is authorized by Division 11 of the Water Code of the State of California, including but not limited to Section 22425, to acquire property for its Water System (in each case, including all laws amendatory thereof or supplemental thereto, the “Law”);

WHEREAS, the District is authorized by Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, including all laws amendatory thereof or supplemental thereto, to refinance the acquisition of property for its Water System;

WHEREAS, the Authority is authorized under the Joint Exercise of Powers Act, as amended, constituting Chapter 5, Division 7, Title 1 of the Government Code of the State of California, to assist its members in the financing and refinancing of the acquisition of capital improvements;

WHEREAS, the District and the Authority have duly authorized the execution of this Installment Purchase Agreement;

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

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

## ARTICLE I

### DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

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

Authority. The term "Authority" means the Nevada Irrigation District Joint Powers Authority, a joint exercise of powers authority created pursuant to a Joint Exercise of Powers Agreement, dated as of November 1, 2011, by and between the District and the California Municipal Finance Authority.

Bonds. The term "Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District under and pursuant to the Law, the payments of which are secured by a pledge of and lien on the Revenues or the General Fund, and payable from Net Revenues, on a parity with the Series 2020A Installment Payments.

Bowman Development. The term "Bowman Development" means the Bowman Development, which is a part of the Yuba-Bear Project, Federal Energy Regulatory Commission License No. 2266. The Bowman Development consists of a hydroelectric power plant and related electrical facilities at or near Bowman Reservoir on Canyon Creek in Nevada County, California.

Combie Project. The term "Combie Project" means, collectively, the Combie North Power Project, Federal Energy Regulatory Commission License No. 7731, and Combie South Power Project, Federal Energy Regulatory Commission License No. 2981, of the District, consisting of hydroelectric power plants and related electrical facilities at or near Lake Combie on the Bear River in Placer County, California.

Contracts. The term "Contracts" means this Installment Purchase Agreement and any amendments and supplements hereto, the 2016 Installment Purchase Agreement, and all contracts of the District authorized and executed by the District under and pursuant to the Law, the payments of which are secured by a pledge of and lien on the Revenues or the General Fund, and payable from Net Revenues, on a parity with the Series 2020A Installment Payments. Contracts shall not include Obligations.

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

Debt Service. The term "Debt Service" means, for any Fiscal Year, the sum of:



(i) the interest payable during such Fiscal Year on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(ii) that portion of the principal amount of all outstanding serial Bonds maturing in such Fiscal Year (but excluding Excluded Principal);

(iii) that portion of the principal amounts of all outstanding term Bonds required to be redeemed or paid in such Fiscal Year (but excluding Excluded Principal) ;

(iv) that portion of the Installment Payments required to be made during such Fiscal Year (except to the extent that the interest portion of such Installment Payments are capitalized or reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program and excluding Excluded Principal); and

provided that, as to any such Bonds or Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be assumed to bear interest at a fixed rate equivalent to the higher of: (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%; and (ii) the highest average variable rate borne over a 6 month period during the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation;

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

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

provided further that Debt Service shall be reduced by the amount of investment earnings credited to any debt service fund created with respect to Contracts or Bonds.

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

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

Excluded Principal. The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Trustee (i) a certificate of an Independent Municipal Advisor to the effect that such Bond or Contract is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 60 months and (ii) a certificate of the General Manager or the Finance Manager to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Finance Manager. The term “Finance Manager” means the chief financial officer of the District or, if there is no chief financial officer, the highest ranking employee with responsibility for debt issuance and administration.

Fiscal Year. The term “Fiscal Year” means the period beginning on January 1 of each year and ending on the next succeeding December 31, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Generally Accepted Accounting Principles. The term “Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures prescribed by the California State Controller or the successor thereto for public agencies 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 the National Council on Governmental Accounting or its successor, or by any other generally accepted authority on such principles.

General Fund. The term “General Fund” means all funds and accounts in the treasury of the District other than: (i) funds and accounts pledged to the payment of bonds, notes or other obligations of the District not payable from Revenues; and (ii) customer deposits, the Comprehensive Insurance Reserve, the Accrued Leave Reserve, the Hydroelectric Relicensing Reserve, the Raw Water System Expansion Reserve, the Treated Water System Expansion Reserve, the Watershed Stewardship Reserve and the Retirement Trust.

General Manager. The term “General Manager” means the general manager of the District, or, if there is no general manager, the interim general manager, or if no interim general manager, the highest ranking employee of the District.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of August 1, 2020, by and between the Authority and the Trustee.

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

Independent Municipal Consultant. The term “Independent Municipal Consultant” means any financial consultant or firm of such consultants of national reputation generally recognized to be well qualified in financial matters relating to systems similar to the Water System, appointed and paid by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; (3) is registered as a “municipal advisor,” as defined in Section 15B of the Securities Exchange Act of 1934, as amended; and (4) is not connected with the District as an member of the Board of Directors, an officer or an employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date; Series 2020A Installment Payment Date. The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract. The term “Series 2020A Installment Payment Date” means the third Business Day before any Interest Payment Date.

Installment Payments; Series 2020A Installment Payments. The term “Installment Payments” means the installment payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts. The term “Series 2020A Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant hereto.

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

Law. The term “Law” means, collectively, the Irrigation District Law of the State of California (being Division 11 of the Water Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto, and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, and all laws amendatory thereof or supplemental thereto.

Maintenance and Operation Costs. The term “Maintenance and Operation Costs” means the reasonable and necessary costs spent or incurred for maintenance and operation of the District (other than for Separate Facilities) calculated in accordance with Generally Accepted Accounting Principles applicable to the District, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the facilities of the District in good repair and working order, and including administrative costs of the District, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, all payments with respect to Obligations, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the 2020A Bonds or of the Installment Purchase Agreement, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

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

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

Obligations. The term “Obligations” means any contract or lease for the purchase of any facilities, properties, structures works, services, water or rights to receive water, or any loan of credit to or guaranty of debts, claims or liabilities of any other person (including a joint powers agency of which the District is a member) with respect to any facilities, properties, structures, works, services, water or rights to receive water, so long as in each case the payments thereunder are designated as Operation and Maintenance Costs by the Board of Directors of the District. Bonds and Contracts shall not constitute Obligations.

Operating Reserves. The term “Operating Reserves” means the funds designated as such on the General Fund – Water Utility Balance Sheet of the District.

Project; 2020A Project. The term “Project” means any additions, betterments, extensions, or improvements to the District’s facilities designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds. The term “2020A Project” means the additions, betterments, extensions and improvements to the Water System described in Exhibit A hereto which have been previously financed by the District.

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

Revenues. The term “Revenues” means:

- (1) all Water System Revenues; and
- (2) all hydroelectric revenues received by the District from the Scotts Flat Project, Bowman Development, Combie Project, Rollins Development, and the Yuba-Bear Project; and
- (3) any amounts received as the District’s share of Nevada County’s and Placer County’s levy of property tax on property within the District; and
- (4) the net proceeds of a governmental taking of the Scotts Flat Project, Bowman Development, Combie Project, Rollins Development, and the Yuba-Bear Project; and
- (5) all assessments received by the District from Edgewood Road Improvement District, Improvement District No. 18; and
- (6) any and all other amounts not restricted by statute or otherwise pledged to pay bonds, contracts or obligations issued or executed by the District with respect to Separate Facilities and to which no moneys described in clauses (1) to (5) hereof are pledged to the payment thereof.

Rollins Development. The term “Rollins Development” means the Rollins Power Project of the District, a component of the Yuba – Bear Project, Federal Energy Regulatory Commission License No. 2266, consisting of a hydroelectric power plant and related electrical facilities at or near Rollins Dam on the Bear River in Nevada and Placer Counties, California.

Scotts Flat Project. The term “Scotts Flat Project” means the Scotts Flat Hydroelectric Project, Federal Energy Regulatory Commission License No. 5930 consisting of a hydroelectric power plant and related electrical facilities at or near Scotts Flat Reservoir in Nevada County, California.

Separate Facilities. The term “Separate Facilities” means any facilities of the District constructed or acquired on or after the date hereof from the proceeds of bonds, notes or other obligations of the District which do not have a parity claim on the General Fund or Revenues.

Trustee. The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2016 Installment Purchase Agreement. The term “2016 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of March 1, 2016, by and between the District and the Authority.

Water Service. The term “Water Service” means the water distribution service made available or provided by the Water System.

Water System. The term “Water System” means the whole and each and every part of the water system of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed, but not including Separate Facilities.

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

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

(2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys (including, without limitation, investment earnings on the Operating Reserves) to the extent that the use of such earnings and income is limited to the Water System by or pursuant to law; and

(3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Water System or other property of the District, but excluding in all cases customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District.

Yuba-Bear Project. The term “Yuba-Bear Project” means the Yuba-Bear Project of the District, Federal Energy Regulatory Commission License No. 2266, consisting of multiple water storage reservoirs, the Dutch Flat No. 2 Powerhouse, the Chicago Park Powerhouse, the Rollins Development and the Bowman Development, and related electrical facilities at or near the Middle Yuba River, Bear River, and Jackson and Canyon Creeks in Nevada, Placer and Sierra Counties, California.

ARTICLE II

REPRESENTATIONS AND WARRANTIES; OPINIONS OF COUNSEL

Section 2.01. Representations by the District. The District makes the following representations:

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

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

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

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2020A Project under the terms of the Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District finance the 2020A Project in the manner provided for in this Installment Purchase Agreement, in order to provide essential services and facilities to the persons residing in the District in the manner provided for in this Installment Purchase Agreement.

Section 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a public body duly organized and existing under the Joint Exercise of Powers Agreement and under the laws of the State, and has full legal right, power and authority to enter into the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of the Installment Purchase Agreement.

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

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2020A Project, other than interest paid with respect to Series

2020A Installment Payments securing the 2020A Bonds under the terms of the Installment Purchase Agreement being included in the gross income of the 2020A Bond Owners or their assigns for purposes of federal or State income taxation.

### ARTICLE III

#### ACQUISITION OF THE 2020A PROJECT

Section 3.01. Sale to the Authority of the 2020A Project. In consideration for the Authority's assistance in refinancing of the 2020A Project, the District agrees to sell, and hereby sells, to the Authority, and the Authority agrees to purchase and hereby purchases, from the District, the 2020A Project in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.02. Purchase and Sale of the 2020A Project. In consideration for the District's agreement to pay the Series 2020A Installment Payments as set forth in Section 4.02, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the 2020A Project at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.03. Title. All right, title and interest in each component of the 2020A Project shall vest in the District immediately upon execution and delivery of this Installment Purchase Agreement. Such vesting shall occur without further action by the Authority or the District and the Authority shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

### ARTICLE IV

#### SERIES 2020A INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

(a) The Purchase Price to be paid by the District hereunder to the Authority is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

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

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

Section 4.02. Series 2020A Installment Payments. The District shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2020A Installment Payment Dates as shown on Exhibit B hereto.

Each Series 2020A Installment Payment shall be paid to the Authority, or the Trustee as its assignee, in lawful money of the United States of America. In the event that the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2020A Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2020A Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2020A Installment Payments required to be made by it under this Section when due, whether or not the Water System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

## ARTICLE V

### SECURITY

Section 5.01. Pledge of General Fund. All amounts on deposit in the General Fund are hereby irrevocably pledged to the payment of the Series 2020A Installment Payments as provided herein. This pledge shall constitute a first lien on, subject to application of amounts on deposit therein as permitted herein, the General Fund for the payment of the Series 2020A Installment Payments and all other Contracts and Bonds in accordance with the terms hereof.

Section 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in the General Fund, which fund the District agrees and covenants to maintain so long as any Series 2020A Installment Payments remain unpaid. Moneys in the General Fund shall be used and applied by the District at the following times for the following purposes in the following order of priority.

The District shall first, from the moneys in the General Fund, pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required). All remaining moneys in the General Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section:

(a) Series 2020A Installment Payments. On or before each Series 2020A Installment Payment Date, the District shall, from the moneys in the General Fund, pay to the Trustee for application in accordance with the Indenture a sum equal to the Series 2020A Installment Payment coming due on such Series 2020A Installment Payment Date. The District shall also, from the moneys in the General Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably



without any discrimination or preference, any other Debt Service in accordance with the provisions of the applicable Bond, Contract, resolution or indenture relating thereto.

No moneys need be paid from the General Fund as Series 2020A Installment Payments if the amount available in the Revenue Fund is at least equal to the amount of the Series 2020A Installment Payment due and payable on the next succeeding Series 2020A Installment Payment Date.

(b) Reserve Funds. The District shall, from the remaining moneys in the General Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, in the case of Bonds or Installment Payments other than the Series 2020A Installment Payments, transfer to the applicable trustee for deposit in reserve funds or accounts established in accordance with the provisions of any Bond, Contract, resolution or indenture relating thereto an amount equal to the amount required to be deposited therein.

(c) Surplus. The District may, on any date after determining that amounts to be on deposit in the General Fund are reasonably expected to be sufficient to make all payments required above during the current Fiscal Year, apply amounts on deposit in the General Fund for any purpose permitted by law.

Section 5.03. Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

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

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, including adjustments to give effect to increases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Consultant on such calculation on file with the District, shall have produced a sum equal to at least (a) one hundred twenty five percent (125%) of the Debt Service due in such Fiscal Year plus (b) the Debt Service which would have been payable had such Contract been executed or Bond been issued at the beginning of such Fiscal Year, plus (c) the Debt Service which would have been payable on any other Contract or Bond executed and delivered or issued after such Fiscal Year, and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project, as evidenced by a certificate on file with the District, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate on file with the District, shall produce a sum equal to at least one hundred twenty-five percent (125%) of

the estimated Debt Service for each of such Fiscal Years, after giving effect, in either case, to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract or Bonds last executed or then being executed or issued.

Section 5.04. Investments. All moneys held by the District in the General Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund.

## ARTICLE VI

### COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2020A Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2020A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to the Installment Purchase Agreement that, subject to Section 10.06 hereunder, each of the agreements, conditions, covenants and terms contained in each such contract and agreement is an essential and material term of the purchase of and payment for the 2020A Project by the District pursuant to, and in accordance with, and as authorized under the Law.

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

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

Section 6.03. Against Sale or Other Disposition of Property. The District will not sell, lease or otherwise dispose of any facilities of the District, including but not limited to the Water System or the Yuba-Bear Project, including the Rollins Development and the Bowman Development, the Scotts Flat Project or the Combie Project, essential to the proper operation of the District or to the payment of the Series 2020A Installment Payments. The District will not enter into any agreement or lease which impairs the operation of any facilities of the District, including but not limited to the Water System, necessary to secure adequate Revenues for the payment of the Series 2020A Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the District. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the District, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2020A Installment Payments and if the proceeds of such sale are deposited in the General Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

Section 6.04. Against Competitive Facilities. The District will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water system competitive with the Water System other than (i) [the PCWA Agreement] or (ii) any similar agreement with a neighboring public agency which provides water service and which, in either case, the Board of Directors determines that entering into such agreement would not have a material adverse effect on the District's ability to pay debt service with respect to any Bonds, to pay any Installment Payments or comply with the covenants herein.

Section 6.05. Tax Covenants. Notwithstanding any other provision of this Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the 2020A Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the 2020A Bonds or of any other moneys or property which would cause the 2020A Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

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

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

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

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

(f) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the District in connection with the issuance of the 2020A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.06. Prompt Acquisition and Construction. Subsequent to the receipt of all required engineering and environmental documentation satisfactory to the District, the District will take all necessary and appropriate steps to acquire and construct the 2020A Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.07. Maintenance and Operation of the District. The District will maintain and preserve its facilities, including but not limited to the Water System, in good repair and working order at all times and will operate its facilities, including but not limited to the Water System, in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

Section 6.08. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Series 2020A Installment Payments or to the Owners prior or superior to the lien of the Series 2020A Installment Payments or which might impair the security of the Series 2020A Installment Payments.

Section 6.09. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of its facilities, including but not limited to the Water System, and all other contracts affecting or involving its facilities, including but not limited to the Water System, to the extent that the District is a party thereto.

Section 6.10. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with

facilities similar to the Water System so long as such insurance is available from reputable insurance companies at a reasonable cost.

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

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2020A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2020A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the Series 2020A Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2020A Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with facilities similar to those of the District.

(c) Any insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with facilities similar to those of the District and is, in the opinion of an accredited actuary, actuarially sound.

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

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

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the facilities of the District, including but not limited to the Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Authority annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2020) financial statements of the District for the preceding Fiscal Year prepared in

accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Section 6.12. Protection of Security and Rights of the Authority. The District will preserve and protect the security hereof and the rights of the Authority to the Series 2020A Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

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

Section 6.14. Amount of Rates and Charges.

(a) To the fullest extent permitted by law, the District shall fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to one hundred twenty-five percent (125%) of the Debt Service payable in such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

(b) For avoidance of doubt, so long as the District has complied with its obligations set forth in Section 6.14(a) above, the failure of Net Revenues to meet the threshold set forth in Section 6.14(a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with Section 6.14(a) at the commencement of the succeeding Fiscal Year.

Section 6.15. Collection of Rates and Charges. The District will have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Water System to pay the rates and charges applicable to the Water Service to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may, to the extent permitted by law, disconnect such premises from the Water System, and such premises shall not thereafter be reconnected to the Water System except in accordance with District operating rules and regulations governing such situations of delinquency.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Water System, the Yuba-Bear Project, including the Bowman Development and the Rollins Development, the Scotts Flat Project or the Combie Project shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

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

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2020A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2020A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

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

Section 6.18. Enforcement of Contracts. So long as any of the 2020A Bonds are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for payments to be deposited into the General Fund which will reduce the payments thereunder (except as provided therein) or which will in any manner impair or adversely affect the rights of the Owners from time to time of the 2020A Bonds.

## ARTICLE VII

### PREPAYMENT OF SERIES 2020A INSTALLMENT PAYMENTS

#### Section 7.01. Prepayment.

(a) The District may or shall, as the case may be, prepay from the Net Proceeds as provided herein all or any part on any date in inverse order of maturity and by lot (in an integral multiple of \$5,000), of the principal amount of the unpaid Series 2020A Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The District may prepay the Series 2020A Installment Payments, as a whole or in part, in the order of payment date as directed by the District, on the date and at the prepayment price (expressed as a percentage of the principal amount of the 2020A Bonds to be redeemed) plus accrued interest thereon to the date of prepayment, as set forth in Section 4.01 of the Indenture.

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

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than forty-five (45) (or such lesser number of days acceptable to the Authority and the Trustee in their sole discretion) nor more than seventy-five (75) days from the date such notice is given.

## ARTICLE VIII

### EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) if default shall be made in the due and punctual payment of any Series 2020A Installment Payment or, if the Trustee shall have received notice of such default on any Contract or Bond when and as the same shall become due and payable;

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

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

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

then in each and every such case during the continuance of such Event of Default specified in clauses (c) and (d) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the District, declare the entire principal amount of the unpaid Series 2020A Installment Payments and the accrued interest thereon to be due and payable immediately,



and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2020A Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Series 2020A Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2020A Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2020A Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

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

First, to the payment, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, of the costs and expenses of the Authority and the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel;

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

Third, to the payment of the entire principal amount of the unpaid Series 2020A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2020A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the Authority. The Authority shall have the right:

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

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

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

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the 2020A Project, the Water System or other assets of the District and no default hereunder shall result in the loss of the 2020A Project, the Water System, or the assets of the District.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2020A Installment Payments to the Authority at the respective due dates or upon prepayment from the General Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

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

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

## ARTICLE IX

### DISCHARGE

Section 9.01. Discharge. When:

(a) all or any portion of the Series 2020A Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2020A Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2020A Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2020A Installment Payments, sufficient moneys and Permitted Investments, issued by the United States of America and described in clause (A) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2020A Installment Payments to their respective Series 2020A Installment Payment Dates or prepayment date or dates as the case may be; and

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

then and in that event, if an opinion of Bond Counsel is filed with the Trustee to the effect that the actions authorized by and taken pursuant to this Article IX shall not adversely affect the tax exempt status of the interest portion of the Series 2020A Installment Payments, the right, title and interest of the Authority herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2020A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2020A Installment Payments). In such event, upon request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the District, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2020A Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the Series 2020A Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2020A Installment Payments and shall be applied by the Trustee to the payment of the Series 2020A Installment Payments of the District.

## ARTICLE X

### MISCELLANEOUS

Section 10.01. Liability of District Limited to General Fund. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the General Fund and the other funds provided herein for the payment of the Series 2020A Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2020A Installment Payments is a special obligation of the District payable solely from such General Fund and other funds, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

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

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Authority is named or referred to herein, such reference shall be deemed to

include the successor to the powers, duties and functions that are presently vested in the District or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2020A Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

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

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Authority hereby declare that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. The Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the District.

Section 10.08. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof of the Series 2020A Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

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

If to the District:	Nevada Irrigation District 1036 West Main Street
---------------------	---

Grass Valley, California 95945  
Attention: Finance Manager

If to the Authority: Nevada Irrigation District Joint Powers Authority  
c/o Nevada Irrigation District  
1036 West Main Street  
Grass Valley, California 95945  
Attention: Finance Manager

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

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

Section 10.13. Indemnification of Authority. The District hereby agrees to indemnify and hold harmless the Authority if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

Section 10.14. Amendments Permitted.

(a) The Installment Purchase Agreement and the rights and obligations of the Authority, the District, the Owners of the 2020A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2020A Bonds then Outstanding, exclusive of 2020A Bonds disqualified as provided in the Indenture, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the fixed maturity of any Series 2020A Installment Payments, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2020A Bond so affected; or (2) reduce the aforesaid percentage of 2020A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive the Owners of the 2020A Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2020A Bonds then Outstanding.

(b) The Installment Purchase Agreement and the rights and obligations of the Authority, the District and of the Owners of the 2020A Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2020A Bonds, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such amendment shall not materially adversely affect the interests of the Owners of the

Outstanding 2020A Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the District contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the District, and which shall not adversely affect the interests of the Owners of the 2020A Bonds;

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

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the 2020A Bonds; and

(4) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the 2020A Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes.

No amendment without consent of the Owners of the 2020A Bonds may modify any of the rights or obligations of the Trustee without its written consent thereto.

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

NEVADA IRRIGATION DISTRICT

By: \_\_\_\_\_  
President of the Board of Directors

(SEAL)

Attest:

\_\_\_\_\_  
Secretary of the Board of Directors

NEVADA IRRIGATION DISTRICT JOINT  
POWERS AUTHORITY

By: \_\_\_\_\_  
President

EXHIBIT A

DESCRIPTION OF THE 2020A PROJECT

The 2020A Project comprises the following described improvements to the District's Water System.

[Lower Cascade Canal/Banner Cascade Pipeline Project, consisting of approximately 5.5 miles of treated water pipe and 6.5 miles of raw water pipe][TO BE CONFIRMED BY THE DISTRICT]



EXHIBIT B

SERIES 2020A INSTALLMENT PAYMENTS

<i>Series 2020A Installment Payment Dates (Third Business Day Prior to)</i>	<i>Amount Attributable To Principal</i>	<i>Amount Attributable To Interest</i>	<i>Total</i>
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**INDENTURE OF TRUST**

**Dated as of August 1, 2020**

**By and between**

**U.S. BANK NATIONAL ASSOCIATION,  
as Trustee**

**and the**

**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY**

**Relating to**

**\$\_\_\_\_\_**  
**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY**  
**REVENUE BONDS, SERIES 2020A**

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## INDENTURE OF TRUST

THE INDENTURE OF TRUST, made and entered into and dated as of August 1, 2020, by and between the NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY, a joint exercise of powers agency duly organized and existing under the Joint Exercise of Powers Agreement (as defined herein) and under the Constitution and laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee hereunder (the “Trustee”);

### WITNESSETH:

WHEREAS, the Authority has been created pursuant to the Joint Exercise of Powers Agreement with the powers, among others, to issue bonds and to finance and refinance facilities on behalf of its members; and

WHEREAS, Nevada Irrigation District (the “District”), a member of the Authority, has determined that it is in the best interest of the public to refinance certain improvements to its Water System with the assistance of the Authority; and

WHEREAS, the Authority is authorized pursuant to state law, including but not limited to, Section 6588(c) of the Government Code and pursuant to Sections 5 and 10 of the Joint Exercise of Powers Agreement to incur indebtedness to assist in refinancing such improvements and is authorized pursuant to State law, including, but not limited to Section 6588(m) of the Government Code, to assign and pledge to the repayment of such indebtedness amounts payable by its members to the Authority; and

WHEREAS, the Authority hereby finds, pursuant to Section 6586 of the Government Code, that the issuance of the bonds authorized pursuant to Section 2.01 hereof (the “2020A Bonds”) to refinance the 2020A Project will have demonstrable savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs; and

WHEREAS, in order to provide for the authentication and delivery of the 2020A Bonds, to establish and declare the terms and conditions upon which the 2020A Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the Authority has authorized the execution and delivery of the Indenture; and

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

NOW, THEREFORE, THE INDENTURE WITNESSETH:

### GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and

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

#### GRANTING CLAUSE FIRST

All right, title and interest of the Authority in and to the Authority Revenues (as defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Authority Revenues payable to or receivable by the Authority under the Constitution of this State, the Government Code and the Indenture and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do thereunder, subject to the terms hereof.

#### GRANTING CLAUSE SECOND

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

#### GRANTING CLAUSE THIRD

All of the rights, title, and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the 2020A Bonds, subject to the terms hereof, and excepting therefrom any rights to indemnification or to receive notices thereunder.

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

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

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

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

## ARTICLE I

### DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of the Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless the context otherwise requires, all capitalized terms used herein and not defined have the meanings ascribed thereto in the Installment Purchase Agreement.

Authority. The term “Authority” means the Nevada Irrigation District Joint Powers Authority, a joint exercise of powers duly organized and existing under the Joint Exercise of Powers Agreement, and under the Constitution and laws of the State.

Authority Revenues. The term “Authority Revenues” means: (a) all Series 2020A Installment Payments received by the Authority or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder.

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

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

Bond Year. The term “Bond Year” means the period beginning on the date of issuance of the 2020A Bonds and ending on March 1, 2021, and each successive one year period thereafter; or, during the last period prior to maturity, such shorter period thereafter until there are no Outstanding 2020A Bonds.

2020A Bonds. The term “2020A Bonds” means the Revenue Bonds, Series 2020A issued by the Authority and at any time Outstanding pursuant to the Indenture.

2020A Project. The term “2020A Project” shall have the meaning set forth in the Installment Purchase Agreement.

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

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

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

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

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

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

Depository; DTC. The terms “Depository” or “DTC” mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the 2020A Bonds.

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

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

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

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Government Code. The term “Government Code” means the Government Code of the State.

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

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may specify in a Certificate of the Authority and the Trustee as the Authority may select.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of August 1, 2020, by and between the Authority and the District, as amended from time to time.

Interest Account. The term “Interest Account” means the account by that name in the Revenue Fund established pursuant to Section 5.01.

Interest Payment Date. The term “Interest Payment Date” means March 1 and September 1 of each year, commencing March 1, 2021.

Investment Agreement. The term “Investment Agreement” means an investment agreement accompanied with appropriate opinions of counsel, provided that the guarantor thereof is rated at least “AA”, “Aa” or “AA” by two of S&P, Moody’s or Fitch, respectively, and as further described in the definition of “Permitted Investments.”

Joint Exercise of Powers Agreement. The term “Joint Exercise of Powers Agreement” means that certain Joint Exercise of Powers Agreement, dated as of November 1, 2011, by and between the District and California Municipal Finance Authority, a public body, corporate and politic, duly organized and existing under the laws of the State, as amended from time to time.

Letter of Representations. The term “Letter of Representations” means the letter of the Authority delivered to and accepted by the Depository on or prior to delivery of the 2020A Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Authority delivered to and accepted by the Depository.

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

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

Office. The term “Office” means with respect to the Trustee, the principal corporate trust office of the Trustee in San Francisco, California, initially U.S. Bank National Association, One California Street, Suite 1000, San Francisco, California 94111, Attention: Global Corporate Trust, or at such other or additional offices as may be specified in writing by the Trustee to the Authority, except that with respect to presentation of 2020A Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency or operations business shall be conducted, initially in St. Paul, Minnesota.

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

Outstanding. The term “Outstanding,” when used as of any particular time with reference to 2020A Bonds, means (subject to the provisions of Section 11.09) all 2020A Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) 2020A Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2020A Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including 2020A Bonds (or portions thereof) described in Section 11.10; and (iii) 2020A Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2020A Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

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

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

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein. The Trustee is permitted to conclusively rely upon the written investment direction of the Authority as a representation that such investment constitutes a legal investment under the laws of the State.

(A) for all purposes, including: (i) as defeasance investments in refunding escrow accounts; and (ii) for the purpose of investing (and receiving premium credit for) accrued and capitalized interest: (1) cash; or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America; and

(B) for all purposes other than: (i) defeasance investments in refunding escrow accounts; and (ii) investing (and receiving credit for) accrued and capitalized interest: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export-Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); Federal Housing Administration; Federal Home Loan Bank (FHLB); and Federal Farm Credit Bank (FFCB); (2) bonds, notes or other evidences of indebtedness rated “AAA”

and “Aaa” by the applicable Rating Agency issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker’s acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1” by S&P and “P-1” by Moody’s and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated “AAm”, “AAm-G”, “AAAm” or “AAAm-G” or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services; (6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice and which are rated, based on the escrow, in the highest rating category of S&P and Moody’s, or any successor thereto; (7) any Investment Agreement; (8) the Local Agency Investment Fund of the State of California; and (9) any other investment permitted by law, including California Government Code Section 53601; provided that any such obligations shall not have a maturity in excess of five years.

Principal Account. The term “Principal Account” means the account by that name in the Revenue Fund established pursuant to Section 5.01.

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

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

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

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

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

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

Redemption Price. The term “Redemption Price” means, with respect to any 2020A Bond (or portion thereof), the principal amount of such 2020A Bond (or portion) plus the interest accrued to the applicable Redemption Date.

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

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

Revenue Fund. The term “Revenue Fund” means the fund by that name established pursuant to Section 5.01(c).

S&P. The term “S&P” means S&P Global Ratings, a Standard & Poor’s Financial Services LLC business, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation is dissolved or liquidated or no longer performs the functions of a securities rating agency, “S&P” will be deemed to refer to any other nationally recognized securities rating agency (other than Fitch and Moody’s) designated by the Authority by written notice to the Trustee.

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

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

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

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2020A Bonds issued by the Authority on the date of issuance of the 2020A Bonds, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

2011A Bonds. The term “2011 Bonds” means the Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A.

2011A Indenture. The term “2011A Indenture” means that certain Indenture of Trust, dated as of November 1, 2011, by and between the Authority and the 2011A Trustee, relating to the 2011A Bonds.

2011A Trustee. The term “2011A Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee under the 2011A Indenture.



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

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

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

(c) As to any investment not specified above, the value thereof shall be established by prior agreement between the Authority and the Trustee.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion 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 certificate or opinion 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.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel or Independent Certified Public 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 officer of the Authority, or the same counsel or Independent Certified Public Accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants may certify to different matters, respectively.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for

convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

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

## ARTICLE II

### THE 2020A BONDS

Section 2.01. Authorization of 2020A Bonds. The Authority hereby authorizes the issuance hereunder from time to time of the 2020A Bonds, which shall constitute special obligations of the Authority, for the purpose of financing the 2020A Project. The 2020A Bonds are hereby designated the “Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2020A” in the aggregate principal amount of \$\_\_\_\_. The Indenture constitutes a continuing agreement with the Owners from time to time of the 2020A Bonds to secure the full payment of the principal of and interest and premium (if any) on all the 2020A Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2020A Bonds. The 2020A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2020A Bonds shall mature on March 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

<i>Maturity Date</i> <i>(March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
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Interest on the 2020A Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner's option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any 2020A Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2020A Bonds shall be payable in lawful money of the United States of America.

Each 2020A Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before February 15, 2021, in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any 2020A Bond, interest thereon is in default, such 2020A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the 2020A Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2020A Bonds. Any 2020A Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2020A Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any 2020A Bond during the period in which the Trustee is selecting 2020A Bonds for redemption and any 2020A Bond that has been selected for redemption.

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

Section 2.04. Exchange of 2020A Bonds. 2020A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any 2020A Bond during the period in which the Trustee is selecting 2020A Bonds for redemption and any 2020A Bond that has been selected for redemption. The Trustee shall require the 2020A Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2020A Bonds, the Trustee will cancel and destroy the 2020A Bonds it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2020A Bonds,

which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by the Authority, the District and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2020A Bonds as hereinbefore provided.

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

Section 2.06. Form and Execution of 2020A Bonds. The 2020A Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2020A Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its President, attested by the manual or facsimile signature of its Secretary. The 2020A Bonds may carry a seal, and such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted or impressed on the 2020A Bonds. The 2020A Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the 2020A Bonds shall cease to be such officer or officers of the Authority before the 2020A Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such 2020A Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any 2020A Bonds may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such 2020A Bonds shall be the proper officers of the Authority although at the nominal date of such 2020A Bonds any such person shall not have been such officer of the Authority.

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

Section 2.07. 2020A Bonds Mutilated, Lost, Destroyed or Stolen. If any 2020A Bond shall become mutilated, the Authority, at the expense of the Owner of said 2020A Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2020A Bond of like tenor, series and authorized denomination in exchange and substitution for the 2020A Bonds so mutilated, but only upon surrender to the Trustee of the 2020A Bond so mutilated. Every mutilated 2020A Bond so surrendered to the Trustee shall be canceled by it and upon the written request of the Authority delivered to, or upon the order of, the Authority. If any 2020A Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2020A Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2020A Bond so lost, destroyed or stolen (or if any such 2020A Bond shall have matured or shall be about to mature, instead of issuing a substitute 2020A Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not

exceeding the actual cost of preparing each new 2020A Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any 2020A Bond issued under the provisions of this Section in lieu of any 2020A Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the 2020A Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other 2020A Bonds secured by the Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2020A Bond for a 2020A Bond which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for redemption, the Trustee may make payment of such 2020A Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 2020A Bonds, the Authority may provide that such 2020A Bonds shall be initially issued as book entry 2020A Bonds. If the Authority shall elect to deliver any 2020A Bonds in book entry form, then the Authority shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2020A Bonds in an authorized denomination corresponding to that total principal amount of the 2020A Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2020A Bond shall be registered in the 2020A Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2020A Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

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

nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2020A Bonds for the Depository's book entry system, the Authority shall execute and deliver to the Depository a Letter of Representations, if required by the Depository. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in such book entry 2020A Bonds other than the Owners, as shown on the 2020A Bond Registration Books. By executing a Letter of Representations, the Authority shall agree to cause the Trustee to take all action necessary at all times so that the Authority will be in compliance with all representations of the Authority in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the Authority and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry 2020A Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry 2020A Bonds; or (ii) the Authority determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2020A Bonds or the Authority, then the Authority will discontinue the book entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered 2020A Bond for each of the maturity dates of such book entry 2020A Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the Authority fails to identify another qualified securities depository to replace the Depository, then the 2020A Bonds shall no longer be restricted to being registered in such 2020A Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2020A Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding 2020A Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2020A Bond and all notices with respect to such 2020A Bond shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of 2020A Bonds to Substitute Depository.

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

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

(C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2020A Bonds by the Trustee, together with a written request of the Authority to the Trustee designating the Substitute Depository, a single new 2020A Bond, which the Authority shall prepare or cause to be prepared, shall be issued for each maturity of 2020A Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Authority. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2020A Bonds by the Trustee, together with a written request of the Authority to the Trustee, new 2020A Bonds, which the Authority shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the Authority, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new 2020A Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Authority.

(iii) In the case of a partial redemption or an advance refunding of any 2020A Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such 2020A Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such 2020A Bonds shall be controlling.

(iv) The Authority and the Trustee shall be entitled to treat the person in whose name any 2020A Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2020A Bonds. Neither the Authority nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2020A Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2020A Bonds.

ARTICLE III

ISSUANCE OF 2020A BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2020A Bonds. At any time after the execution of the Indenture, the Authority may execute and the Trustee shall authenticate and, upon Request of the Authority, deliver the 2020A Bonds in the aggregate principal amount of \$\_\_\_\_\_.

Section 3.02. Application of Proceeds of the 2020A Bonds. The proceeds received from the sale of the 2020A Bonds, shall be deposited in trust with the Trustee, who shall apply such proceeds as follows:

(a) The Trustee shall deposit the amount of \$\_\_\_\_\_ from the proceeds of the 2020A Bonds in the Costs of Issuance Fund.

(b) The Trustee shall transfer the amount of \$\_\_\_\_\_ to the 2011A Trustee for deposit pursuant to the 2011A Indenture for the purpose of redeeming the 2011A Bonds.

The Trustee may establish temporary funds and accounts to record and facilitate such deposit and transfer.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the issuance of the 2020A Bonds, or upon the earlier Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Account and the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Cost of Issuance Fund shall be applied in accordance with Section 5.06 hereof.

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

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) The 2020A Bonds with stated maturities on or after March 1, 20\_\_ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a Request to the Trustee at least 45 days (or such lesser number of days



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

(b) The 2020A Bonds with stated maturities on March 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date (March 1)</i>	<i>Principal Amount</i>
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\* Final Maturity.

(c) The 2020A Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2020A Installment Payments made by the District from Net Proceeds, upon the terms and conditions of, and as provided for in, Section 7.01 of the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

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

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than thirty (30) days before any Redemption Date, to the respective Owners of any 2020A Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided that such notice of optional redemption may be cancelled by the Authority upon written request delivered to the Trustee not less than five (5) days prior to such Redemption Date. Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2020A Bonds of any such maturity are to be redeemed, the serial numbers of the 2020A Bonds of such maturity to be redeemed by giving the individual number of each 2020A Bond or by stating that all 2020A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2020A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said 2020A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said

specified portion of the principal thereof in the case of a 2020A Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2020A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2020A Bond. Notice of redemption of 2020A Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of 2020A Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2020A Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2020A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

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

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

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

## ARTICLE V

### REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) All of the Authority Revenues and any other amounts (including proceeds of the sale of the 2020A Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2020A Bonds in accordance with their terms and the

provisions of the Indenture, subject only to the provisions of the Indenture permitting the terms and conditions set forth herein. Said pledge shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

(b) The Authority, for good and valuable consideration in hand received, does hereby irrevocably assign and transfer to the Trustee without recourse, for the benefit of the Owners of the 2020A Bonds as set forth herein, all of its rights, title, and interest in all Series 2020A Installment Payments payable by the District pursuant to the Installment Purchase Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the 2020A Bonds. Such assignment shall be subject to and limited by the terms of the Indenture.

(c) There is hereby established with the Trustee the Revenue Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2020A Installment Payments remain unpaid. Except as directed in Section 5.06 and 5.07, all Authority Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All Authority Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee shall also create and maintain an Interest Account and a Principal Account within the Revenue Fund.

Section 5.02. Allocation of Authority Revenues. The Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts, the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Authority Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the third Business Day preceding each date on which the interest on the 2020A Bonds shall become due and payable hereunder, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2020A Bonds then Outstanding.

(b) Not later than the third Business Day preceding each date on which the principal of the 2020A Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2020A Bonds coming due and payable on such date or subject to mandatory sinking fund redemption on such date.

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

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2020A Bonds at maturity, mandatory sinking fund redemption, purchase or acceleration.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the 2020A Bonds to be redeemed on any Redemption Date pursuant to Section 4.01.

Section 5.06. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Authority pursuant to a Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause (B)(5) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

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

The Authority acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

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

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

Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish a separate fund for the 2020A Bonds designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the 2020A Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2020A Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the 2020A Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the Authority; and (ii) shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate; and (iii) may rely conclusively on the Authority’s calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the Authority’s calculations or determinations thereunder.

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

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

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

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

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

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

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2020A Bonds and the payments described in subsection (a) above being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the 2020A Bonds.

Section 5.08. Application of Funds and Accounts When No 2020A Bonds are Outstanding. On the date on which all 2020A Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to the Indenture shall be withdrawn by the Trustee and paid to the Authority for distribution in accordance with the Installment Purchase Agreement.

## ARTICLE VI

### PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the 2020A Bonds, in strict conformity with the terms of the 2020A Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Authority Revenues and other assets pledged for such payment as provided in the Indenture.

Section 6.02. Extension of Payment of 2020A Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2020A Bonds or the time of payment of any claims for interest by the purchase of such 2020A Bonds or by any other arrangement, and in case the maturity of any of the 2020A Bonds or the time of payment of any such claims for interest shall be extended, such 2020A Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full for the principal of all of the 2020A Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue 2020A Bonds for the purpose of refunding any Outstanding 2020A Bonds, and such issuance shall not be deemed to constitute an extension of maturity of 2020A Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Authority Revenues and other assets pledged or assigned under the Indenture while any of the 2020A Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Joint Exercise of Powers Agreement, and reserves the right to issue other obligations for such purposes.

Section 6.04. Power to Issue 2020A Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the 2020A Bonds and to enter into the Indenture and to pledge and assign the Authority Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2020A Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Authority Revenues and other assets and all the rights of the 2020A Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of 2020A Bonds, the Authority Revenues and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority and the District upon reasonable prior notice during business hours and under reasonable circumstances.

Section 6.06. Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of the portion of interest on the 2020A Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2020A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will take no action or refrain from taking any action or make any use of the proceeds of the 2020A Bonds or of any other moneys or property which would cause the 2020A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will make no use of the proceeds of the 2020A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2020A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

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

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2020A Bonds pursuant to Section 103(a) of the Code;

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

(f) Miscellaneous. The Authority will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Authority in connection with the issuance of the 2020A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Authority from causing the Trustee to issue Bonds other than the 2020A Bonds or to execute and deliver Contracts payable on a parity with the 2020A Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 6.07. Payments Under Installment Purchase Agreement. The Authority shall promptly collect all Series 2020A Installment Payments due from the District pursuant to the Installment Purchase Agreement and, subject to the provisions of Article VIII, shall enforce, and take all steps, actions and proceedings which the Authority or the Trustee determines to be reasonably necessary for the enforcement of all of the obligations of the District thereunder.

The Authority shall not enter into any amendments to the Installment Purchase Agreement except as permitted therein. The Trustee shall give written consent only if: (a) such amendment, modification or termination will not materially adversely affect the interests of the 2020A Bond Owners; or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the 2020A Bonds then Outstanding to such amendment, modification or termination.

Section 6.08. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the 2020A Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.09. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2020A Bonds of the rights and benefits provided in the Indenture.

Section 6.10. Eminent Domain. If all or any part of the 2020A Project shall be taken by eminent domain proceedings (or sold to a government entity threatening to exercise the power of



eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.16 of the Installment Purchase Agreement.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

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

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

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

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2020A Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee or by the Owners of not less than a majority in aggregate principal amount of 2020A Bonds Outstanding; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such sixty (60) day period, and corrective action is instituted by the Authority within such sixty (60) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder.

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

(e) An Event of Default shall occur under the Installment Purchase Agreement.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and, at the written direction of the Owners of not less than a majority in aggregate principal amount of the 2020A Bonds at the time Outstanding, shall, in each case, upon notice in writing to the Authority and the District, declare the principal of all of the 2020A Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the 2020A Bonds contained to the contrary notwithstanding.

Nothing contained in the Indenture shall permit or require the Trustee or the Authority to accelerate payments due under the Installment Purchase Agreement if the District, which is a party to such Installment Purchase Agreement, is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the District shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the 2020A Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective 2020A Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the 2020A Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case the Trustee shall on behalf of the Owners of all of the 2020A Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

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

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

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal of any 2020A Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available shall not be sufficient to pay in full all the 2020A Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

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

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

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

Section 7.06. Suit by Owners. No Owner of any 2020A Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Installment Purchase Agreement, the Joint Exercise of Powers Agreement or any other applicable law with respect to such 2020A Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty five percent (25%) in aggregate principal amount of the 2020A Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2020A Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2020A Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2020A Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2020A Bonds, or to enforce any right under the 2020A Bonds, the Indenture, the Installment Purchase Agreement, the Joint Exercise of Powers Agreement or other applicable law with respect to the 2020A Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2020A Bonds, subject to the provisions of the Indenture.

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

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

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

## ARTICLE VIII

### THE TRUSTEE

#### Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2020A Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in

accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall promptly appoint a successor Trustee by an instrument in writing.

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

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2020A Bond Owner (on behalf of himself and all other 2020A Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the 2020A Bonds and to the 2020A Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and subject to supervision or examination for federal or state authority. If such bank, banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in

accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

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

Section 8.03. Liability of Trustee.

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

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

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

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

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or under the Installment Purchase Agreement or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder or under the Installment Purchase Agreement unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance

with Section 11.07, of such event by the Authority or the Owners of not less than twenty five percent (25%) of the 2020A Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the District of any of the terms, conditions, covenants or agreements herein, or under the Installment Purchase Agreement, of any of the documents executed in connection with the 2020A Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

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

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

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

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

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

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

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the 2020A Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

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

(o) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it hereby at the request, order or direction of any of the Owners pursuant to the provisions hereof unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(p) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(q) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the 2020A Bonds.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

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

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, Request or



Requisition of the Authority, and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

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

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

The Authority shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or bad faith on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations of the Authority under this Section 8.06 shall survive removal or resignation of the Trustee hereunder or the discharge of the 2020A Bonds and the Indenture.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted.

(a) The Indenture and the rights and obligations of the Authority and of the Owners of the 2020A Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all 2020A Bonds then Outstanding, exclusive of 2020A Bonds disqualified as provided in Section 11.09 hereof, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the fixed maturity of any 2020A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2020A Bond so affected; or (2) reduce the aforesaid percentage of 2020A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive the Owners of the 2020A Bonds of the lien created by the Indenture on such Authority Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2020A Bonds then Outstanding. It shall not be necessary for the consent of the 2020A

Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2020A Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

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

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

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

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

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

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

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

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Owners of 2020A Bonds Outstanding shall thereafter be determined,

exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

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

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

## ARTICLE X

### DEFEASANCE

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

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the 2020A Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all 2020A Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the 2020A Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (as evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any 2020A Bonds shall not have been surrendered for payment, the Indenture and the pledge of Authority Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the Authority, the Trustee shall execute and deliver to the Authority all

such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of 2020A Bonds not theretofore surrendered for such payment or redemption to the Authority.

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

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

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

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

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

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2020A Bonds; and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that such 2020A Bonds have been discharged in accordance with the Indenture (which

opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above).

Section 10.04. Payment of 2020A Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2020A Bonds and remaining unclaimed for two (2) years after the principal of all of the 2020A Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the 2020A Bonds became due and payable, shall be repaid to the Authority free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of 2020A Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the written direction of the Authority (at the cost of the Authority) first mail to the Owners of 2020A Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2020A Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Authority Revenues. Notwithstanding anything in the Indenture or the 2020A Bonds, the Authority shall not be required to advance any moneys derived from any source other than the Authority Revenues and other moneys pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the 2020A Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

The 2020A Bonds are not a debt of the members of the Authority, the State or any of its political subdivisions (other than the Authority) and neither the members of the Authority, said State nor any of its political subdivisions (other than the Authority) is liable herein. The District shall have no liability or obligation herein except with respect to Series 2020A Installment Payments payable under the Installment Purchase Agreement.

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

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

are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the District and the Owners of the 2020A Bonds.

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

Section 11.05. Destruction of 2020A Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any 2020A Bonds, the Trustee shall destroy such 2020A Bonds as may be allowed by law, and deliver a certificate of such destruction to the Authority.

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

Section 11.07. Notices. Any notice to or demand upon the Authority or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by telex, telecopier, electronic mail or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the Authority, c/o Nevada Irrigation District, 1036 West Main Street, Grass Valley, California 95945, Attention: Finance Manager (or such other address as may have been filed in writing by the Authority with the Trustee), or to the Trustee at its Office by first class mail. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

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

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the

person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

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

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

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

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

Section 11.11. Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the 2020A Bonds and the rights of every Owner thereof.

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

Section 11.13. Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. CUSIP Numbers. Neither the Trustee nor the Authority shall be liable for any defect or inaccuracy in the CUSIP number that appears on any 2020A Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2020A Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2020A Bondholders and that neither the Authority nor the Trustee shall be liable for any inaccuracies in such numbers.

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



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

NEVADA IRRIGATION DISTRICT JOINT POWERS  
AUTHORITY

By: \_\_\_\_\_  
Its: President

Attest:

\_\_\_\_\_  
Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT A**

**FORM OF 2020A BOND**

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

No. \_\_\_\_\_

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BOND, SERIES 2020A

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	March 1, 20__	_____, 2020	641322__

REGISTERED OWNER      CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this 2020A Bond (unless: (i) this 2020A Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a business day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this 2020A Bond is authenticated on or before February 15, 2021, in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this 2020A Bond, interest is in default on this 2020A Bond, this 2020A Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this 2020A Bond), at the Interest Rate per annum specified above, payable semiannually on March 1 and September 1 in each year, commencing March 1, 2021, calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the

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

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

This 2020A Bond is one of a duly authorized issue of bonds of the Authority designated as the "Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2020A" (the "2020A Bonds"), of an aggregate principal amount of \_\_\_\_\_ Dollars (\$\_\_\_\_), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of the Joint Exercise of Powers Agreement, dated as of November 1, 2011 (the "Joint Exercise of Powers Agreement"), by and between the District and California Municipal Finance Authority, a public body, corporate and politic, duly organized and existing under the laws of the State, as amended from time to time and the laws of the State of California and pursuant to the Indenture and the resolution authorizing the issuance of the 2020A Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the 2020A Bonds are issued, the provisions with regard to the nature and extent of the Authority Revenues, and the rights thereunder of the Owners of the 2020A Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority hereunder, to all of the provisions of which the Registered Owner of this 2020A Bond, by acceptance hereof, assents and agrees. The 2020A Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2020A Bonds have been issued by the Authority to refinance certain public capital improvements and to pay related costs, as more fully described in the Indenture.

This 2020A Bond and the interest, premium, if any, hereon and all other 2020A Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special

obligations of the Authority, and are payable from, and are secured by a pledge and lien on the Authority Revenues, including all Series 2020A Installment Payments received from the District by the Authority or the Trustee, and any other amounts on deposit in certain funds and accounts created under the Indenture. As and to the extent set forth in the Indenture, all of the Authority Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the 2020A Bonds.

The Indenture and the rights and obligations of the Authority and the Owners of the 2020A Bonds and the Trustee may be modified or amended from time to time and at any time with the written consent of the Owners of a majority in aggregate principal amount of all 2020A Bonds then Outstanding, exclusive of 2020A Bonds disqualified as set forth in the Indenture, in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall: (i) extend the fixed maturity of any 2020A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each 2020A Bond so affected; or (ii) reduce the aforesaid percentage of 2020A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the 2020A Bonds of the lien created by the Indenture on such Authority Revenues and other assets, except as expressly provided in the Indenture, without the consent of the Owners of all of the 2020A Bonds then Outstanding.

The Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the 2020A Bonds may also be modified or amended for certain purposes described more fully in the Indenture at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the Authority and the Trustee may enter into without the consent of any 2020A Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding 2020A Bonds.

The 2020A Bonds with stated maturities on or after March 1, 20\_\_, shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority upon Request to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the sole convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20\_\_, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The 2020A Bonds with stated maturities on March 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

***Redemption Date  
(March 1)***

***Principal  
Amount***

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\* Final Maturity.

The 2020A Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2020A Installment Payments made by the District from Net Proceeds, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) days prior to the redemption date to the respective Owners of any 2020A Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this 2020A Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the 2020A Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This 2020A Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at said office of the Trustee but only in the manner subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this 2020A Bond. Upon registration of such transfer, a new 2020A Bond or 2020A Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

2020A Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of 2020A Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any 2020A Bond during the period in which the Trustee is selecting 2020A Bonds for redemption or any 2020A Bond that has been selected for redemption.

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

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this 2020A Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Joint Exercise of Powers Agreement, and the laws of the State of California and that the amount of this 2020A Bond, together with all other indebtedness of the Authority, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of 2020A Bonds permitted to be issued under the Indenture.

This 2020A Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this 2020A Bond to be executed in its name and on its behalf with the manual or facsimile signature of its President and attested to by the manual or facsimile signature of its Secretary, all as of this \_\_ day of \_\_, 2020.

NEVADA IRRIGATION DISTRICT JOINT  
POWERS AUTHORITY

By: \_\_\_\_\_  
Its: President

Attest:

\_\_\_\_\_  
Secretary

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

This is one of the 2020A Bonds described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2020

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

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

\_\_\_\_\_  
\_\_\_\_\_

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

the within registered 2020A Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within 2020A Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

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



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# Nevada Irrigation District

## POLICY MANUAL

**POLICY TITLE:** Debt Management Policy  
**POLICY NUMBER:** 3050

### 3050.1 Purpose

The Debt Management policy shall comply with Government Code Section 8855 and provide operating guidelines for all major debt transactions of the District, including land-secured Community Facility Districts (CFDs) and Assessment Districts (Ads), along with conduit financing. The debt management policy addresses the following objectives:

- Guides the Board and management in debt issuance decisions considering impact to fiscal budgets and long-term goals
- Identifies the type of Debt the District issues
- Identifies the purpose for which the proceeds may be used
- Insures the proper use of bond proceeds in accordance with the District's internal controls and financial reporting structure, continuous disclosure laws
- Protects and enhances the District's Bond rating

### 3050.2 Debt Issuance Goals & Considerations

The District shall use debt for financing, refunding, or advance refunding for specific capital projects identified in official statements. No debt proceeds shall be issued to finance operations. Debt will be used only in those cases where public interest and economic efficiency favor debt over cash (pay-as-you-go) financing. The following issues will be a consideration during debt issuance.

#### Pay as You Go (Cash)

- Should the choice of expenditure made by current residents be imposed on future ones
- Will there be sufficient debt capacity for future projects following an increase in outstanding debt
- Are current reserves sufficient to finance projects and in compliance with reserve policy
- Are current market conditions conducive to financing from reserves or borrowing
- In all inflationary economies, the cost of borrowing is higher

#### Pay as You Use (Debt)

- Is there sufficient capacity of the community to service debt from current revenue
- Does debt repayment schedules demonstrate the community's ability to pay
- Will there be sufficient net present value savings in interest expense

- Is the term of the debt consistent with the asset's useful life
- During period of low interest rates, debt financing will enjoy the lowest possible cost
- Prudent use of debt financing, enhances investments in reserves and meets unforeseen events

### 3050.3 Type of Debt Issued

#### Long-Term Debt:

Long-Term Capital projects will be financing primarily with long-term debt. This will allow payment of the facility or equipment over their useful life and thus matching the benefit horizon with the bond amortization period. Debt maybe used in special circumstances for other than long-term capital projects, only after careful policy evaluation by the Board and management. Cash financing of capital projects can be from current resources, depending upon the specific projects and annual budget constraints.

#### Short-Term Debt:

- Bond Anticipation Notes (BANs) may be issued to cash flow the project pending permanent financing during the construction period of a project or facility. The BANs shall not mature more than 3 years from the date of issuance. BANs shall mature within 6 months after substantial completion of the financed facility.
- Tax and Revenue Anticipation Notes (TRANs) may be issued only to meet actual cash flow needs and shall never exceed 10 percent of projected budget resources.
- Lines of Credit may be considered as an alternative to other short-term borrowing options.

#### Lease vs Purchase Debt:

Leases, including certificates of participation, may be considered as an alternative to direct purchases. Lease debt will not be issued for items, individually or when aggregated, that cost less than \$10,000 or that have a useful life of less than 3 years. Long-term building, facility or equipment leases should not be used when the present value of purchasing is less. When analyzing the lease vs buy transaction, the discount rate to equate the future lease payments to the present is the District's Water Rules & Regulations 10.20.01 Surcharge Modifier.

#### Variable Rate Debt:

The District shall consider variable rate debt only in the following circumstances:

- High Interest rates: Interest rates are above historic average trends;
- Variable Revenue Stream: The revenue stream for repayment is variable, and is anticipated to move in the same direction as market-generated variable interest rates, or the dedication of revenues allows capacity for variability;
- Adequate Safeguards against Risk: Financing structure and budgetary safeguards are in place to prevent adverse impacts from interest rate shifts; such structures could include, but are not limited to, interest rate caps;
- Administrative Analysis: A report from the Finance Manager and General Manager shall be forwarded to the Board evaluating and quantifying the risks and returns involved in the variable rate financing and recommending variable rate as the lowest cost option.

### Federal, State, Banks or Other Loan Programs:

To the extent, it benefits the District; the District may participate in federal, state, banks or other loan programs. The Finance Manager shall evaluate the requirement of these programs to determine if the District is well served by employing them.

For purposes of this Policy, the District shall treat and report these obligations in a manner consistent with other similar debt instruments. To the extent required by the loans or other outstanding debt agreements, the District shall include the financial requirements of these obligations when determining additional bond test, coverage requirement, etc.

### Swaps, Foreign Markets:

The District will not issue any foreign denominated debt nor engage in any interest rate swaps, unless such transactions have been first thoroughly evaluated and the risk exposure from such transactions is quantified and presented to the Board for review.

### Formation of Improvement Districts (CFDs, ADs):

In accordance with the Improvement Bond Act, Mello-Roos Facilities Act and applicable California Government Codes, the District may use land-secured financing through the formation of Improvement Districts. The District shall select, retain, employ, and be responsible for, in its sole discretion, any consultants necessary for the formation of a special district, review of the financing, and the issuance and administration of bonds, including but not limited to the underwriter(s) and underwriters' counsel; bond counsel; financial advisor; special tax consultant; engineers; appraiser; district administrator, market absorption study consultant; or any other consultant deemed necessary by the District in its judgment to complete the legal proceedings; and financial analysis for issuance of bonds.

The cost reimbursement schedule shall be submitted to a developer/applicant for all costs and expenses incurred by District in employing such consultants. An applicant/developer may retain its own consultants for its own benefit, but will work through those consultants hired by the District. If the developer/applicant retains its own consultants, all costs associated therewith shall be borne by the developer/applicant.

No firm may serve in more than one capacity as design engineer or special tax consultant on the same District pursuant to California Government Code. Similarly, no firm may serve as a financial advisor or bond counsel during the planning stages for a district or conduit project and subsequently as underwriter or disclosure counsel for the bonds of the district or project. All proposed projects within the proposed district or project area, together with the infrastructure and public facilities, must be consistent with the District's Plans, zoning classifications, and the California Environmental Quality Act (CEQA). All property within the proposed district must possess land use determinations or zoning classifications of sufficient certainty, and facility requirements of sufficient specialty that each parcel can be adequately assessed.

### **3050.4 Debt Issuance and Long-term Planning**

All debt issuance will be forecasted using the District's most recent 5-Year financial forecast, 5-Year Capital Improvement Plan (CIP) and consistent with the adopted Proposition 218 rate setting report. The forecast will contain the debt service ratio (DSC) ratio and appropriate liquidity metrics.

### **3050.5 Financial Reporting & Internal Controls**

The Finance Department will develop and maintain a central system for all debt related records. At a minimum, this repository will include all official statements, bid documents, ordinances, indentures, leases, etc. for all District debt. To the extent that official transcripts incorporate these documents, possession of a transcript will suffice. The Finance Department will collect all available documents for outstanding debt and will develop a standard procedure for archiving transcripts for any new debt.

In order to comply with CDIAC rules and regulations promulgated pursuant to SB 1029, the General Manager, Finance Department and the District's designated project manager will share responsibility to assure that all bond proceed disbursements are made only after each request for disbursements is substantiated with appropriate invoices, requisitions and other supporting document. The bond proceeds shall be managed and accounted for in accordance with its governing documents.

The District shall comply with Government Code Section 5852.1 by disclosing specified good faith estimates in a public meeting prior to the authorization of the issuance of Debt. Pursuant to Government Code section 8855(k), the District will submit annual debt transparency reports for any debt for which it has submitted a report of final sale on or after January 21, 2017 every year until the later date on which the debt is no longer outstanding and the proceeds have been fully spent.

#### Rebate Policy, Certifications:

It will be the policy of the District to accurately account for all interest earnings on investment of debt proceeds. The Finance Department shall maintain a system of reporting interest earnings, which relate to Internal Revenue Code of 1986 as amended, rebate, yield limits, and arbitrage. The District's policy shall be to maximize the interest earning on all funds while minimizing rebates to the Federal Government. These records will be designed to ensure that the District complies with all debt covenants, State and Federal laws.

The Finance Department shall gather information, perform forecast and ensure rating agencies have sufficient analysis to certify bond ratings. All official bond certifications shall be announced to the Board to gain an understanding of the District's continuous borrowing cost.

### **3050.6 Bond Credit Rating**

The District shall use the following ratios, standards and limits to guide its maintenance of credit quality. The District will consider the use of credit enhancements on a case-by-case basis, evaluating the economic benefit versus cost for each case. Only when a clearly demonstrable savings can be shown shall an enhancement be considered. The District will consider each of the following enhancements as alternatives by evaluating the cost and benefit of such enhancements.

- Bond Insurance: The District shall have the authority to purchase bond insurance when such purchase is deemed prudent and advantageous. The predominant determination shall be based on such insurance being less costly than the present value of the difference in the interest on the bonds insured versus uninsured.

- Debt Service Reserves: A reserve fund equal to the lesser of ten percent (10%) of the original principal amount of the bonds, maximum annual debt service or one-hundred-and-twenty-five percent (125%) of average annual debt service (the "Reserve Requirement") can be recommended from the proceeds of each series of bonds, subject to federal tax regulations, if such is deemed necessary. The District shall have the authority to purchase reserve equivalents when such purchase is deemed prudent and advantageous. Such equivalents shall be evaluated in comparison to cash funding of reserves on a net present value basis (i.e., the use of a reserve fund surety).
- Letters of Credit: The District shall have the authority to enter into a letter-of-credit agreement when such an agreement is deemed prudent and advantageous.

### 3050.7 Policy for Disclosure Procedures

#### Purpose:

The purpose of these Disclosure Procedures (the "Disclosure Procedures") is to memorialize and communicate key principles and procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the District so as to ensure that the District continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

#### Background:

The District from time to time issues certificates of participation, revenue bonds, notes or other obligations (collectively, "Obligations") in order to fund or refund capital investments, other long-term programs and working capital needs. Such Obligations include those Obligations issued by the Nevada Irrigation District Joint Powers Authority (the "Authority") on behalf of the District. In offering Obligations to the public, and at other times when the District makes certain reports, the District must comply with the "anti-fraud rules" of federal securities laws. ("Anti-fraud rules" refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly "Rule 10b-5" under the 1934 Act.)

The core requirement of these rules is that investors and potential investors in Obligations must be provided with all "material" information relating to the offered Obligations. The information provided to investors and potential investors must not contain any material misstatements, and the District must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the District's financial condition. In the context of the sale of securities, a fact is generally considered to be "material" if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered or alter the total mix of available information.

When the District or the Authority issues Obligations, the two central disclosure documents which are prepared are a preliminary official statement ("POS") and a final official statement ("OS", and collectively with the POS, "Official Statement"). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the District, including its financial condition as well as

certain operating information ("District Section"), and (iii) various other appendices, including the District's audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

#### Disclosure Process:

When the District determines to issue Obligations directly or through the Authority, the Finance Manager requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the District Section) for which they are responsible. While the general format and content of the Official Statement does not normally change substantially from offering to offering, except as necessary to reflect major events, the Finance Manager is responsible for reviewing and preparing or updating certain portions of the District Section which are within their particular area of knowledge. Once the Official Statement has been substantially updated, the entire Official Statement is shared with the General Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire Official Statement.

Members of the financing team, including the Bond Counsel and the District's municipal advisor (the "Municipal Advisor") with respect to the proposed Obligations, assist staff in determining the materiality of any particular item, and in the development of specific language in the District Section. Members of the financing team also assist the District in the development of a "big picture" overview of the District's financial condition, included in the District section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the District and the Authority.

The Finance Manager or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team (which includes District officials, Bond Counsel, the District's Municipal Advisor, the underwriter of the Obligations, and the underwriter's counsel), and new drafts of the forepart of the Official Statement and the District Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among District staff and other members of the financing team to discuss issues which may arise determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal conference call which includes District officials involved in the preparation of the POS, members of the financing team and the underwriters and the underwriter's counsel, during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters to ask questions of the District's senior officials. This is referred to as a "due diligence" meeting.

A substantially final form of the POS is provided to the Authority and District Boards of Directors in advance of approval to afford the Boards of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is approved by the Boards of Directors which generally authorizes certain senior staff to make additional corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel.

At the time the POS is posted for review by potential investors, senior District and Authority officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the District Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior District and Authority officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, does not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the OS in light of the circumstances under which they were made, not misleading. General Counsel to the District and to the Authority also provides opinion letters advising the underwriters that information contained in the section of the OS relating to the District and the Authority, as applicable, and its operations (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel to the District and to the Authority does not opine on any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

#### District Section:

The information contained in the District Section is developed by personnel under the direction of the Finance Manager, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the District Section:

- District staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- District staff involved in the disclosure process should err on the side of raising issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Disclosure Procedures on an ad hoc basis. However, the Disclosure Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the District should consider revisions to the Disclosure Procedures.
- The process of updating the District Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information. While it is not anticipated that there will be major changes in the form and content of the District Section at the time of each update, everyone

involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.

- The District must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the District, its operations and its finances.

#### Distribution and Training:

The Disclosure Procedures shall be provided to all members of senior staff and any other member of the District staff that is involved in the District's disclosure obligations and shall be provided to the members of the Board of the District and the members of the Board of Directors of the Authority.

Periodic training for the staff involved in the preparation of the Official Statement (including the District Section) is coordinated by the finance team and the Finance Manager. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the District Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the District Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

#### Annual Continuing Disclosure Requirements

In connection with the issuance or execution and delivery of Obligations, the District has entered into a number of contractual agreements ("Continuing Disclosure Certificates") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Certificates. The District must comply with the specific requirements of each Continuing Disclosure Certificate. The District's Continuing Disclosure Certificates generally require that the annual reports be filed within 270 days after the end of the District's fiscal year, and event notices are generally required to be filed within 10 days of their occurrence.

Specific events which require "enumerated event" notices are set forth in each particular Continuing Disclosure Certificate.

The Finance Manager shall be responsible for preparing and filing the annual reports and enumerated event notices required pursuant to the Continuing Disclosure Certificates and for other secondary market disclosures as described under the caption "Secondary Market Disclosure." Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

The General Counsel or the General Manager or Executive Director of the Authority (the "Executive Director") will provide written notice to the District Board and the Authority Board of Directors of any receipt by the District or the Authority of any default, event of acceleration, termination event, modification of terms (only if material or may reflect financial difficulties), or other similar events (collectively, a "Potentially Reportable Event") under any agreement or obligation to which the District is a party and which may be a "financial



obligation" as discussed below. Such written notice should be provided by General Counsel or the General Manager or Executive Director to the District Board and the Authority Board of Directors as soon as the General Counsel or the General Manager or Executive Director is placed on written notice by District staff, Authority staff, consultants, or external parties of such event or receives written notice of such event. The General Manager or Executive Director, with the assistance of Bond Counsel, will determine and notify the District Board and the Authority Board of Directors whether notice of such Potentially Reportable Event is required to be filed on the Electronic Municipal Market Access ("EMMA") pursuant to the disclosure requirements of SEC Rule 15c2-12 (the "Rule"). If filing on EMMA is required, the filing is due within 10 business days of such Potentially Reportable Event to comply with the continuing disclosure undertaking for the various debt obligations of the District.

The General Counsel or the General Manager or Executive Director will report to the District Board and the Authority Board regarding the execution by the District of any agreement or other obligation which might constitute a "financial obligation" for purposes of Rule. Amendments to existing District agreements or obligations with "financial obligation," which relate to covenants, events of default, remedies, priority rights, or other similar terms, should be reported to the District Board and the Authority Board as soon as the General Counsel or the General Manager or Executive Director is placed on written notice by District staff, Authority staff, consultants, or external parties of such event or receives a written notice of such amendment requests. The General Manager will determine, in consultation with the General Counsel and with the assistance of Bond Counsel, whether such agreement or other obligation constitutes a material "financial obligation" for purposes of Rule 15c2-12. If such agreement or other obligation is determined to be a material "financial obligation" or a material amendment to a "financial obligation" described above, notice thereof would be required to be filed on EMMA within 10 business days of execution or incurrence. The types of agreements or other obligations which could constitute "financial obligations" and which could need to be reported on EMMA include:

1. Bank loans or other obligations which are privately placed;
2. State or federal loans;
3. Commercial paper or other short-term indebtedness for which no offering document has been filed on EMMA;
4. Letters of credit, surety policies or other credit enhancement with respect to the District's or the Authority's publicly offered debt;
5. Letters of credit, including letters of credit which are provided to third parties to secure the District's obligation to pay or perform (an example of this is a standby letter of credit delivered to secure the District's obligations for performance under a mitigation agreement);
6. Capital leases for property, facilities, fleet or equipment; and
7. Agreements which guarantee the payment or performance obligations of a third party (regardless of whether the agreements constitute guarantees under California law).

Types of agreements which could be a "financial obligation" under the Rule include:

1. Payment agreements which obligate the District to pay a share of another public agency's debt service (for example, an agreement with a joint powers agency whereby the District agrees to pay a share of the joint powers agency's bonds, notes or other obligations); and

2. Service contracts with a public agency or a private party pursuant to which the District is obligated to pay a share of such public agency or private party's debt service obligation (for example, certain types of P3 arrangements).

Types of agreements which may be a "financial obligation" subject to the Rule include:

1. Any agreement the payments under which are not characterized as an operation and maintenance expenses for accounting purposes if such agreement could be characterized as the borrowing of money.

The General Manager will continue to work with the General Counsel and Bond Counsel to refine the definition of financial obligation going forward based on future SEC guidance.

### Secondary Market Disclosure

On February 7, 2020, the SEC released a staff legal bulletin (the "Bulletin") concerning secondary market disclosure in the municipal bond market. The Bulletin included SEC staff views on a variety of matters, including but not limited to, the applicability of the federal securities law to public agency websites, reports delivered to governmental and institutional bodies and statements made by public officials including elected board members. Documents, reports and other written statements of the District or the Authority which contains current financial and operational conditions of the District and the Authority will be included in a section of the District's website appropriately identified. The District, the Authority and its Bond Counsel have reviewed the Bulletin and have incorporated certain SEC staff recommendations into these Disclosure Procedures and into disclosure training for staff and Board members. The Bulletin requires District and Authority staff review. The District, the Authority and its Bond Counsel will be cognizant of those reviews and will consider whether those reviews require the District and the Authority to make secondary market disclosures.

CERTIFICATION AND RECEIPT OF UNDERSTANDING

I certify that I have received a copy of the Nevada Irrigation District Policy for Disclosure Procedures (Section 3050.7 of the Nevada Irrigation District Policy Manual). I have reviewed and understand its contents and agree to abide by the principles and requirements in the Disclosure Procedures.

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## SOURCES AND USES OF FUNDS

### NEVADA IRRIGATION DISTRICT 2020 Public Offering Refunding of 2011 Bonds (Matched Maturity) Preliminary, subject to change

Dated Date	09/24/2020
Delivery Date	09/24/2020

*Sources:*

Bond Proceeds:	
Par Amount	15,905,000.00
Premium	1,597,431.40
	17,502,431.40
	17,502,431.40

*Uses:*

Refunding Escrow Deposits:	
Cash Deposit	17,190,617.86
Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	111,335.00
	311,335.00
Other Uses of Funds:	
Additional Proceeds	478.54
	17,502,431.40
	17,502,431.40

Note: As of market conditions as of July 31, 2020.

## SUMMARY OF BONDS REFUNDED

### NEVADA IRRIGATION DISTRICT 2020 Public Offering Refunding of 2011 Bonds (Matched Maturity) Preliminary, subject to change

<i>Bond</i>	<i>Maturity Date</i>	<i>Interest Rate</i>	<i>Par Amount</i>	<i>Call Date</i>	<i>Call Price</i>
2011A Revenue Bonds, 2011BOND, BOND:					
	03/01/2021	5.000%	1,400,000.00	09/24/2020	100.000
	03/01/2022	5.000%	1,470,000.00	09/24/2020	100.000
	03/01/2023	3.125%	790,000.00	09/24/2020	100.000
	03/01/2024	3.250%	815,000.00	09/24/2020	100.000
	03/01/2025	3.500%	840,000.00	09/24/2020	100.000
	03/01/2026	3.600%	875,000.00	09/24/2020	100.000
	03/01/2027	3.750%	905,000.00	09/24/2020	100.000
			7,095,000.00		
2011A Revenue Bonds, 2011BOND, 2030TERM:					
	03/01/2028	4.000%	940,000.00	09/24/2020	100.000
	03/01/2029	4.000%	980,000.00	09/24/2020	100.000
	03/01/2030	4.000%	1,020,000.00	09/24/2020	100.000
			2,940,000.00		
2011A Revenue Bonds, 2011BOND, 2033TERM:					
	03/01/2031	4.250%	1,060,000.00	09/24/2020	100.000
	03/01/2032	4.250%	1,110,000.00	09/24/2020	100.000
	03/01/2033	4.250%	1,155,000.00	09/24/2020	100.000
			3,325,000.00		
2011A Revenue Bonds, 2011BOND, 2036TERM:					
	03/01/2034	4.375%	1,205,000.00	09/24/2020	100.000
	03/01/2035	4.375%	1,260,000.00	09/24/2020	100.000
	03/01/2036	4.375%	1,320,000.00	09/24/2020	100.000
			3,785,000.00		
			17,145,000.00		

**SUMMARY OF REFUNDING RESULTS****NEVADA IRRIGATION DISTRICT  
2020 Public Offering Refunding of 2011 Bonds (Matched Maturity)  
Preliminary, subject to change**

Dated Date	09/24/2020
Delivery Date	09/24/2020
Arbitrage yield	1.135704%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	15,905,000.00
True Interest Cost	1.328415%
Net Interest Cost	1.409098%
Average Coupon	2.597107%
Average Life	7.865
Par amount of refunded bonds	17,145,000.00
Average coupon of refunded bonds	4.170442%
Average life of refunded bonds	8.137
PV of prior debt to 09/24/2020 @ 1.135704%	21,153,956.21
Net PV Savings	3,523,120.91
Percentage savings of refunded bonds	20.548970%
Percentage savings of refunding bonds	22.151027%

## SAVINGS

### NEVADA IRRIGATION DISTRICT 2020 Public Offering Refunding of 2011 Bonds (Matched Maturity) Preliminary, subject to change

<i>Date</i>	<i>Prior Debt Service</i>	<i>Refunding Debt Service</i>	<i>Savings</i>	<i>Present Value to 09/24/2020 @ 1.1357045%</i>
12/31/2021	2,079,018.76	1,833,030.97	245,987.79	244,093.29
12/31/2022	2,077,268.76	1,834,225.00	243,043.76	238,530.93
12/31/2023	1,348,175.01	1,106,000.00	242,175.01	235,004.90
12/31/2024	1,347,587.51	1,107,825.00	239,762.51	230,046.05
12/31/2025	1,344,643.76	1,103,050.00	241,593.76	229,233.00
12/31/2026	1,349,193.76	1,107,675.00	241,518.76	226,598.99
12/31/2027	1,346,475.01	1,107,550.00	238,925.01	221,657.98
12/31/2028	1,345,706.26	1,107,200.00	238,506.26	218,783.18
12/31/2029	1,347,306.26	1,106,300.00	241,006.26	218,598.33
12/31/2030	1,347,306.26	1,108,900.00	238,406.26	213,806.80
12/31/2031	1,344,381.26	1,105,000.00	239,381.26	212,329.27
12/31/2032	1,348,268.76	1,110,050.00	238,218.76	208,958.80
12/31/2033	1,345,137.51	1,104,600.00	240,537.51	208,689.70
12/31/2034	1,344,234.38	1,103,800.00	240,434.38	206,327.98
12/31/2035	1,345,312.50	1,102,600.00	242,712.50	206,019.89
12/31/2036	1,348,875.00	1,105,950.00	242,925.00	203,963.29
	23,008,890.76	19,153,755.97	3,855,134.79	3,522,642.37

### Savings Summary

PV of savings from cash flow	3,522,642.37
Plus: Refunding funds on hand	478.54
	3,523,120.91
Net PV Savings	3,523,120.91

## BOND SUMMARY STATISTICS

### NEVADA IRRIGATION DISTRICT 2020 Public Offering Refunding of 2011 Bonds (Matched Maturity) Preliminary, subject to change

Dated Date	09/24/2020
Delivery Date	09/24/2020
First Coupon	03/01/2021
Last Maturity	03/01/2036
Arbitrage Yield	1.135704%
True Interest Cost (TIC)	1.328415%
Net Interest Cost (NIC)	1.409098%
All-In TIC	1.491965%
Average Coupon	2.597107%
Average Life (years)	7.865
Weighted Average Maturity (years)	7.858
Duration of Issue (years)	7.141
Par Amount	15,905,000.00
Bond Proceeds	17,502,431.40
Total Interest	3,248,755.97
Net Interest	1,762,659.57
Total Debt Service	19,153,755.97
Maximum Annual Debt Service	1,834,225.00
Average Annual Debt Service	1,240,840.77
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	7.000000
	7.000000
Total Underwriter's Discount	7.000000
Bid Price	109.343580

<i>Bond Component</i>	<i>Par Value</i>	<i>Price</i>	<i>Average Coupon</i>	<i>Average Life</i>	<i>PV of 1 bp change</i>
Bond Component	15,905,000.00	110.044	2.597%	7.865	10,079.35
	15,905,000.00			7.865	10,079.35

	TIC	All-In TIC	Arbitrage Yield
Par Value	15,905,000.00	15,905,000.00	15,905,000.00
+ Accrued Interest			
+ Premium (Discount)	1,597,431.40	1,597,431.40	1,597,431.40
- Underwriter's Discount	-111,335.00	-111,335.00	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	17,391,096.40	17,191,096.40	17,502,431.40
Target Date	09/24/2020	09/24/2020	09/24/2020
Yield	1.328415%	1.491965%	1.135704%



## BOND PRICING

### NEVADA IRRIGATION DISTRICT 2020 Public Offering Refunding of 2011 Bonds (Matched Maturity) Preliminary, subject to change

<i>Bond Component</i>	<i>Maturity Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Yield</i>	<i>Price</i>	<i>Yield to Maturity</i>	<i>Call Date</i>	<i>Call Price</i>	<i>Premium (-Discount)</i>
Bond Component:									
	03/01/2021	1,445,000	2.000%	0.060%	100.845				12,210.25
	03/01/2022	1,455,000	3.000%	0.080%	104.190				60,964.50
	03/01/2023	760,000	3.000%	0.140%	106.952				52,835.20
	03/01/2024	785,000	3.000%	0.150%	109.764				76,647.40
	03/01/2025	800,000	2.000%	0.190%	107.991				63,928.00
	03/01/2026	825,000	3.000%	0.310%	114.489				119,534.25
	03/01/2027	850,000	3.000%	0.400%	116.503				140,275.50
	03/01/2028	880,000	4.000%	0.490%	125.599				225,271.20
	03/01/2029	915,000	4.000%	0.570%	128.211				258,130.65
	03/01/2030	955,000	4.000%	0.640%	129.137 C	0.790%	09/01/2029	100.000	278,258.35
	03/01/2031	980,000	2.000%	1.190%	106.847 C	1.296%	09/01/2029	100.000	67,100.60
	03/01/2032	1,010,000	3.000%	1.170%	115.483 C	1.520%	09/01/2029	100.000	156,378.30
	03/01/2033	1,030,000	2.000%	1.640%	102.980 C	1.733%	09/01/2029	100.000	30,694.00
	03/01/2034	1,050,000	2.000%	1.690%	102.560 C	1.785%	09/01/2029	100.000	26,880.00
	03/01/2035	1,070,000	2.000%	1.790%	101.726 C	1.863%	09/01/2029	100.000	18,468.20
	03/01/2036	1,095,000	2.000%	1.890%	100.900 C	1.932%	09/01/2029	100.000	9,855.00
		15,905,000							1,597,431.40

Dated Date	09/24/2020	
Delivery Date	09/24/2020	
First Coupon	03/01/2021	
Par Amount	15,905,000.00	
Premium	1,597,431.40	
Production	17,502,431.40	110.043580%
Underwriter's Discount	-111,335.00	-0.700000%
Purchase Price	17,391,096.40	109.343580%
Accrued Interest		
Net Proceeds	17,391,096.40	

## ESCROW REQUIREMENTS

### NEVADA IRRIGATION DISTRICT 2020 Public Offering Refunding of 2011 Bonds (Matched Maturity) Preliminary, subject to change

<i>Period Ending</i>	<i>Interest</i>	<i>Principal Redeemed</i>	<i>Total</i>
09/24/2020	45,617.86	17,145,000.00	17,190,617.86
	45,617.86	17,145,000.00	17,190,617.86

**BOND DEBT SERVICE**

**NEVADA IRRIGATION DISTRICT  
2020 Public Offering Refunding of 2011 Bonds (Matched Maturity)  
Preliminary, subject to change**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
06/30/2021	1,445,000	2.000%	187,505.97	1,632,505.97	
12/31/2021			200,525.00	200,525.00	1,833,030.97
06/30/2022	1,455,000	3.000%	200,525.00	1,655,525.00	
12/31/2022			178,700.00	178,700.00	1,834,225.00
06/30/2023	760,000	3.000%	178,700.00	938,700.00	
12/31/2023			167,300.00	167,300.00	1,106,000.00
06/30/2024	785,000	3.000%	167,300.00	952,300.00	
12/31/2024			155,525.00	155,525.00	1,107,825.00
06/30/2025	800,000	2.000%	155,525.00	955,525.00	
12/31/2025			147,525.00	147,525.00	1,103,050.00
06/30/2026	825,000	3.000%	147,525.00	972,525.00	
12/31/2026			135,150.00	135,150.00	1,107,675.00
06/30/2027	850,000	3.000%	135,150.00	985,150.00	
12/31/2027			122,400.00	122,400.00	1,107,550.00
06/30/2028	880,000	4.000%	122,400.00	1,002,400.00	
12/31/2028			104,800.00	104,800.00	1,107,200.00
06/30/2029	915,000	4.000%	104,800.00	1,019,800.00	
12/31/2029			86,500.00	86,500.00	1,106,300.00
06/30/2030	955,000	4.000%	86,500.00	1,041,500.00	
12/31/2030			67,400.00	67,400.00	1,108,900.00
06/30/2031	980,000	2.000%	67,400.00	1,047,400.00	
12/31/2031			57,600.00	57,600.00	1,105,000.00
06/30/2032	1,010,000	3.000%	57,600.00	1,067,600.00	
12/31/2032			42,450.00	42,450.00	1,110,050.00
06/30/2033	1,030,000	2.000%	42,450.00	1,072,450.00	
12/31/2033			32,150.00	32,150.00	1,104,600.00
06/30/2034	1,050,000	2.000%	32,150.00	1,082,150.00	
12/31/2034			21,650.00	21,650.00	1,103,800.00
06/30/2035	1,070,000	2.000%	21,650.00	1,091,650.00	
12/31/2035			10,950.00	10,950.00	1,102,600.00
06/30/2036	1,095,000	2.000%	10,950.00	1,105,950.00	
12/31/2036					1,105,950.00
	15,905,000		3,248,755.97	19,153,755.97	19,153,755.97

**BOND DEBT SERVICE**

**NEVADA IRRIGATION DISTRICT  
2020 Public Offering Refunding of 2011 Bonds (Matched Maturity)  
Preliminary, subject to change**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>
12/31/2021	1,445,000	2.000%	388,030.97	1,833,030.97
12/31/2022	1,455,000	3.000%	379,225.00	1,834,225.00
12/31/2023	760,000	3.000%	346,000.00	1,106,000.00
12/31/2024	785,000	3.000%	322,825.00	1,107,825.00
12/31/2025	800,000	2.000%	303,050.00	1,103,050.00
12/31/2026	825,000	3.000%	282,675.00	1,107,675.00
12/31/2027	850,000	3.000%	257,550.00	1,107,550.00
12/31/2028	880,000	4.000%	227,200.00	1,107,200.00
12/31/2029	915,000	4.000%	191,300.00	1,106,300.00
12/31/2030	955,000	4.000%	153,900.00	1,108,900.00
12/31/2031	980,000	2.000%	125,000.00	1,105,000.00
12/31/2032	1,010,000	3.000%	100,050.00	1,110,050.00
12/31/2033	1,030,000	2.000%	74,600.00	1,104,600.00
12/31/2034	1,050,000	2.000%	53,800.00	1,103,800.00
12/31/2035	1,070,000	2.000%	32,600.00	1,102,600.00
12/31/2036	1,095,000	2.000%	10,950.00	1,105,950.00
	15,905,000		3,248,755.97	19,153,755.97

**ESCROW SUFFICIENCY**

**NEVADA IRRIGATION DISTRICT  
2020 Public Offering Refunding of 2011 Bonds (Matched Maturity)  
Preliminary, subject to change**

<i>Date</i>	<i>Escrow Requirement</i>	<i>Net Escrow Receipts</i>	<i>Excess Receipts</i>	<i>Excess Balance</i>
09/24/2020	17,190,617.86	17,190,617.86		
	17,190,617.86	17,190,617.86	0.00	

**PRIOR BOND DEBT SERVICE**

**NEVADA IRRIGATION DISTRICT**  
**2020 Public Offering Refunding of 2011 Bonds (Matched Maturity)**  
**Preliminary, subject to change**

<i>Period Ending</i>	<i>Principal</i>	<i>Coupon</i>	<i>Interest</i>	<i>Debt Service</i>	<i>Annual Debt Service</i>
06/30/2021	1,400,000	5.000%	357,009.38	1,757,009.38	
12/31/2021			322,009.38	322,009.38	2,079,018.76
06/30/2022	1,470,000	5.000%	322,009.38	1,792,009.38	
12/31/2022			285,259.38	285,259.38	2,077,268.76
06/30/2023	790,000	3.125%	285,259.38	1,075,259.38	
12/31/2023			272,915.63	272,915.63	1,348,175.01
06/30/2024	815,000	3.250%	272,915.63	1,087,915.63	
12/31/2024			259,671.88	259,671.88	1,347,587.51
06/30/2025	840,000	3.500%	259,671.88	1,099,671.88	
12/31/2025			244,971.88	244,971.88	1,344,643.76
06/30/2026	875,000	3.600%	244,971.88	1,119,971.88	
12/31/2026			229,221.88	229,221.88	1,349,193.76
06/30/2027	905,000	3.750%	229,221.88	1,134,221.88	
12/31/2027			212,253.13	212,253.13	1,346,475.01
06/30/2028	940,000	4.000%	212,253.13	1,152,253.13	
12/31/2028			193,453.13	193,453.13	1,345,706.26
06/30/2029	980,000	4.000%	193,453.13	1,173,453.13	
12/31/2029			173,853.13	173,853.13	1,347,306.26
06/30/2030	1,020,000	4.000%	173,853.13	1,193,853.13	
12/31/2030			153,453.13	153,453.13	1,347,306.26
06/30/2031	1,060,000	4.250%	153,453.13	1,213,453.13	
12/31/2031			130,928.13	130,928.13	1,344,381.26
06/30/2032	1,110,000	4.250%	130,928.13	1,240,928.13	
12/31/2032			107,340.63	107,340.63	1,348,268.76
06/30/2033	1,155,000	4.250%	107,340.63	1,262,340.63	
12/31/2033			82,796.88	82,796.88	1,345,137.51
06/30/2034	1,205,000	4.375%	82,796.88	1,287,796.88	
12/31/2034			56,437.50	56,437.50	1,344,234.38
06/30/2035	1,260,000	4.375%	56,437.50	1,316,437.50	
12/31/2035			28,875.00	28,875.00	1,345,312.50
06/30/2036	1,320,000	4.375%	28,875.00	1,348,875.00	
12/31/2036					1,348,875.00
	17,145,000		5,863,890.76	23,008,890.76	23,008,890.76

**COST OF ISSUANCE**

**NEVADA IRRIGATION DISTRICT  
2020 Public Offering Refunding of 2011 Bonds (Matched Maturity)  
Preliminary, subject to change**

<i>Cost of Issuance</i>	<i>\$/1000</i>	<i>Amount</i>
Bond Counsel	4.71550	75,000.00
Financial Advisor	4.71550	75,000.00
S&P Credit Rating	1.57183	25,000.00
Trustee	0.31437	5,000.00
Printing of OS / POS	0.31437	5,000.00
Sale Advertising (Legally Required)	0.12575	2,000.00
POS / NOS Posting	0.12575	2,000.00
Miscellaneous / Contingency	0.69161	11,000.00
	12.57466	200,000.00

**OFFICIAL NOTICE OF SALE**

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**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A**

**Date of Sale:**

\_\_\_\_\_, 2020  
**10:00 a.m., Pacific Time**

**(a) BIDS TO BE RECEIVED VIA PARITY®**

**For further information, please contact the District's Independent Registered Municipal  
Advisor:**

**Robert Porr, Executive Vice President**  
(949) 660-7323 (Office)  
(949) 751-8445 (Mobile)  
[rporr@fieldman.com](mailto:rporr@fieldman.com)

**Lora Carpenter, Assistant Vice President**  
(949) 660-7312 (Office)  
(949) 862-8617 (Mobile)  
[lcarpenter@fieldman.com](mailto:lcarpenter@fieldman.com)

**A copy of the Preliminary Official Statement  
may be obtained at:**  
[www.munios.com](http://www.munios.com)

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\* Preliminary, subject to change.



OFFICIAL NOTICE OF SALE

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NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A

NOTICE IS HEREBY GIVEN that all-or-none bids will be received by the NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY (the "Authority"), for the purchase of \$ \_\_\_\_\_ par value revenue bonds designated "NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY REVENUE BONDS, SERIES 2020A" (the "2020A Bonds"). All electronic bids must be submitted via *Parity*®, the electronic bidding system, up to the time and date specified as follows:

**TIME:** 10:00 a.m., Pacific Time

**DATE:** \_\_\_\_\_, 2020

provided, however, that without further advertising, and so long as an electronic bid has not been accepted by the Authority, electronic bids via *Parity*® will be accepted at such time and place on \_\_\_\_\_, 2020 and each succeeding Business Day thereafter until the earlier of \_\_\_\_\_, 2020 or receipt by the Authority of an acceptable electronic bid for the 2020A Bonds.

Bids for the purchase of the 2020A Bonds will be received and considered subject to the terms and conditions described herein.

Please note that the Authority reserves the right to cancel or reschedule the sale of the 2020A Bonds upon notice given through Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received, and if the sale is rescheduled, notice of the new sale date and time, if any, will be given through Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received, and bids will be received in the manner set forth above at the rescheduled date and time as the Authority may determine.

**DESCRIPTION OF THE 2020A BONDS AND FINANCING FRAMEWORK**

**Terms of the 2020A Bonds**

The Authority has made available a Preliminary Official Statement relating to the 2020A Bonds, a copy of which has been posted to [www.munios.com](http://www.munios.com). The Preliminary Official Statement, including the cover page and all appendices thereto, provides certain information concerning the sale and delivery of the 2020A Bonds. Each bidder must have obtained and reviewed the Preliminary Official Statement prior to bidding for the 2020A Bonds. This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the 2020A Bonds. Bidders must read the entire Preliminary Official Statement to obtain information essential to making an

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\* Preliminary, subject to change.

informed investment decision. Capitalized terms used herein and not defined shall have the meanings given to such terms in the Preliminary Official Statement.

**Issue**

The 2020A Bonds will be dated the date of delivery of \_\_\_\_\_, **2020**, will be in the denomination of \$5,000 each, or integral multiples thereof, and will bear interest from the date of the 2020A Bonds to the maturity of each of the 2020A Bonds at the rate or rates such that the interest rate shall not exceed 4% per annum, with interest payable on March 1, 2021 and semiannually on September 1 and March 1 of each year during the term of each of the 2020A Bonds. The 2020A Bonds mature on March 1 in each of the years 2021 to 2036 inclusive, as follows:

<u>MATURITY (MARCH 1)</u>	<u>PRINCIPAL AMOUNT*</u>	<u>MATURITY (MARCH 1)</u>	<u>PRINCIPAL AMOUNT*</u>
2021		2029	
2022		2030	
2023		2031	
2024		2032	
2025		2033	
2026		2034	
2027		2035	
2028		2036	

**Adjustment of Principal Amounts**

The principal amounts of each maturity of 2020A Bonds set forth above reflect certain assumptions of the Authority and Fieldman, Rolapp & Associates, Inc., the District’s Independent Registered Municipal Advisor (the “Municipal Advisor”) with respect to the likely interest rates of the winning bid or bids. Following the determination of the successful bidder, the Authority reserves the right to increase or decrease the principal amount of each maturity of the 2020A Bonds, in \$5,000 increments of principal amounts. Such adjustment shall be made within 4 hours of the bid opening and in the sole discretion of the Authority. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid or bids may not be withdrawn, and the successful bidder will not be permitted to change its bid price or the interest rate(s) in its bid for the 2020A Bonds. The Authority shall not be responsible for the effect of any such adjustment on the compensation to the successful bidder but will use its reasonable best efforts to maintain a proportionate level of compensation to the successful bidder. Bidders are advised to consider such a possible change in principal amounts when determining their bid on the 2020A Bonds.

**Interest Rates**

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2020A Bonds shall represent interest from their dated date at a rate or rates to be determined at the sale thereof, but no maturity of such 2020A Bonds shall exceed 4% per annum and the true

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\* Preliminary, subject to change.

interest cost of the 2020A Bonds shall not exceed 2.85%. Interest on the 2020A Bonds is payable semiannually on March 1 and September 1 in each year (the "Interest Payment Dates"); commencing March 1, 2021. Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided, however, that (i) each interest rate specified must be in a multiple of 1/20 of 1% or 1/8 of 1%; (ii) a zero rate of interest cannot be specified; (iii) each Bond shall bear interest from the dated date to its stated maturity date at the interest rate specified in the bid; (iv) all 2020A Bonds of the same maturity date shall bear the same rate of interest (with the exception of split coupons for 2020A Bonds of the same maturity, which is allowed); (v) no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the 2020A Bond or 2020A Bonds. ***Bids that do not conform to the terms of this paragraph will be rejected.***

## **Redemption**

The 2020A Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to their stated maturity, as follows:

- (b) Optional Redemption. The 2020A Bonds with stated maturities on or after March 1, \_\_\_\_ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written request provided to the Trustee and by lot within each maturity in integral multiples of \$5,000, on or after March 1, \_\_\_\_\_, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.
- (c) Extraordinary Redemption from Insurance or Eminent Domain Proceeds. The 2020A Bonds are subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a written request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2020A Installment Payments made by the District from Net Proceeds of insurance or eminent domain, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.
- (d) Mandatory Sinking Fund Redemption. Any bidder may, at its option, specify that one or more maturities of the 2020A Bonds will consist of term bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the proposal of such bidder. In the event that the proposal of the successful bidder specifies that any maturity of 2020A Bonds will be term bonds, such term bonds will be subject to mandatory sinking fund redemption on March 1 in each year so designated in the proposal, in the respective amounts for such years, at redemption price equal to the principal amount thereof to be paid together with accrued interest thereon to the redemption date, without premium.

Notice of redemption shall be provided as set forth in the Preliminary Official Statement.

## **Registration of 2020A Bonds as to Principal and Interest and Place of Payment**

The 2020A Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2020A Bonds. Individual purchases will be made in book-entry form only, in the denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2020A Bonds purchased. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC which in turn will remit such amounts to the beneficial owners of the 2020A Bonds through DTC’s Participants, as described in the Preliminary Official Statement.

## **Authority for Issuance and Purpose**

The 2020A Bonds are being issued under the Indenture, the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “State”) and Article 11 of Chapter 3 of Part 1 of Division 2 of the Government Code of the State, as amended. The 2020A Bonds are being issued: (i) to refund the outstanding Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A; and (ii) to pay the costs of issuing the 2020A Bonds.

## **Sources of Security**

The 2020A Bonds are limited obligations of the Authority. The 2020A Bonds are payable solely from Authority Revenues and certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments (the “Series 2020A Installment Payments”) received from the District pursuant to an Installment Purchase Agreement, dated as of September 1, 2020 (the “Installment Purchase Agreement”), by and between the District and the Authority. See the caption “SECURITY FOR THE 2020A BONDS” in the Preliminary Official Statement.

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Series 2020A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. The obligation of the District to make the Series 2020A Installment Payments is a special obligation of the District payable solely from the General Fund and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System, including certain hydroelectric facilities, will be received by the District in trust thereunder and will be deposited when and as received in the General Fund, which fund the District has agreed and covenanted to maintain so long as any Series 2020A Installment Payments remain unpaid.

All amounts on deposit in the General Fund have been irrevocably pledged to the payment of the Series 2020A Installment Payments as provided in the Installment Purchase Agreement. Such

pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the General Fund for the payment of the Series 2020A Installment Payments and all other parity Contracts, Obligations and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The District will, from the moneys in the General Fund, pay all Maintenance and Operation Costs, including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required. All remaining moneys in the General Fund (the “Net Revenues”) will be set aside by the District as set forth in the Installment Purchase Agreement to pay the Series 2020A Installment Payments and other parity Contracts and Bonds.

The obligation of the District to make the Series 2020A Installment Payments from Net Revenues is payable on a parity with the obligation of the District: (i) to make approximately \$17,845,000 outstanding aggregate principal amount of payments from Net Revenues under that certain Installment Purchase Agreement, dated as of April 1, 2016, by and between the District and the Authority; and (ii) a portion of the scheduled payments under a loan contract with the State of California Department of Public Health.

### **Rate Covenant**

To the fullest extent permitted by law, the District will fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year (as such terms are defined in Appendix B of the Preliminary Official Statement under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”). The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the foregoing requirements.

Under the Installment Purchase Agreement, so long as the District has complied with its obligations described above, failure to produce Net Revenues equal to one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the District complies with the covenant described above at the commencement of the succeeding Fiscal Year.

### **No Reserve Fund**

No reserve fund has been established in connection with the issuance of the 2020A Bonds.

### **Additional Parity Obligations**

*Additional Obligations Superior to Series 2020A Installment Payments.* The District has covenanted in the Installment Purchase Agreement that it will not, so long as any Series 2020A Installment Payments are outstanding, issue or incur any obligations payable from the Revenues superior to the Series 2020A Installment Payments.

***Additional Contracts and Bonds on a Parity with Series 2020A Installment Payments.*** The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance with the Installment Purchase Agreement; provided that:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, produces a sum equal to at least 125% of the Debt Service due in such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, including adjustments to give effect to increases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Consultant on such calculation on file with the District, produces a sum equal to at least (a) 125% of the Debt Service due in such Fiscal Year plus (b) the Debt Service which would have been payable had such Contract been executed or Bond been issued at the beginning of such Fiscal Year, plus (c) the Debt Service which would have been payable on any other Contract or Bond executed and delivered or issued after such Fiscal Year; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation (as defined in the Installment Purchase Agreement) of any uncompleted Project, as evidenced by a certificate on file with the District, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate on file with the District, produces a sum equal to at least 125% of the estimated Debt Service for each of such Fiscal Years; after giving effect, in either case, to the execution of all Contracts and the issuance of all Bonds (as such term is defined in the Installment Purchase Agreement) estimated to be required to be executed or issued to pay the costs of completing all uncompleted projects, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contracts or Bonds last executed or then being executed or issued.

***Subordinate Obligations.*** The District may at any time issue evidence of indebtedness or incur other obligations for any lawful purpose that are payable from and secured by a lien on Revenues or moneys in the General Fund as may from time to time be deposited therein subordinate to the Series 2020A Installment Payments.

### **Purchaser's Closing Certificate**

The Purchaser (as herein after defined) must deliver such certificates to the Authority as may be required by Bond Counsel dated the date of issuance of the 2020A Bonds, indicating (among other matters): (i) receipt of the 2020A Bonds; (ii) the initial offering price at which not less than ten percent (10%) of the 2020A Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), (iii) the

“yield” on the 2020A Bonds as calculated in accordance with the Internal Revenue Code of 1986, as amended, and (iv) such other information as may be required to assist the Authority in filing the required Internal Revenue Service Form 8038-G for the 2020A Bonds.

The Purchaser shall advise the Authority no later than one hour after award of the bid of such information regarding the reoffering price or prices at which the 2020A Bonds are reoffered to the general public as shall enable the Authority to comply with the Internal Revenue Code of 1986 and to make any adjustments in the principal amount of the 2020A Bonds as described under “Adjustments of Principal Amounts.”

Each bidder is requested to furnish the names of all joint managers participating in the bid on the official Bid Form. The Purchaser will be required to submit a list of all syndicate members in addition to the managers not later than 24 hours after receiving a verbal award.

### **CUSIP Numbers and Other Fees**

CUSIP numbers will be applied for and will be printed on the 2020A Bonds and the cost of printing thereof and service bureau assignment will be purchaser’s responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the 2020A Bonds. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the 2020A Bonds (see, “California Debt Advisory and Investment Commission” below).

### **Legal Opinion**

The 2020A Bonds are sold with the understanding that the purchaser will be furnished with the approving opinion of Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. A copy of the opinion will be attached to the 2020A Bonds. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the 2020A Bonds under California law and on the exemption of the interest income on such 2020A Bonds from federal and State of California income taxes. Fees of Bond Counsel and all other costs of issuance will be paid contingent on the issuance, and from proceeds of the 2020A Bonds.

### **Tax-Exempt Status**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest on the 2020A Bonds is exempt from State personal income tax. Should changes in the law cause Bond Counsel’s opinion to change prior to delivery of the 2020A Bonds to the purchaser, the purchaser will be relieved of its responsibility to take delivery of and pay for the 2020A Bonds, and in that event its deposit will be returned.

## Certification of Reoffering Price

The successful bidder will be required, as a condition to the delivery of the 2020A Bonds by the Authority, to deliver to the Authority a certificate identifying the prices at which it reasonably expects to initially offer each maturity of the 2020A Bonds to the general public as of the date on which the competitive bid for the 2020A Bonds was received from the successful bidder.

The successful bidder shall assist the Authority in establishing the issue price of the 2020A Bonds and shall execute and deliver to the Authority prior to the date of delivery of the 2020A Bonds, the Closing Issue Price Certificate, setting forth the reasonably expected initial offering price to the public or the sales price or prices of the 2020A Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as EXHIBIT A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Authority and Bond Counsel.

The Authority intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the 2020A Bonds) will apply to the initial sale of the 2020A Bonds (the “competitive sale requirements”) because:

- (1) the Authority shall disseminate this Official Notice of Terms of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) the Authority may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the Authority anticipates awarding the sale of the 2020A Bonds to the bidder who submits a firm offer to purchase the 2020A Bonds at the highest price (or lowest interest cost), as set forth in this Official Notice of Terms of Sale.

*Any bid submitted pursuant to this Official Notice of Terms of Sale shall be considered a firm offer for the purchase of the 2020A Bonds, as specified in the bid. As described in more detail in the following paragraphs, if the competitive sale requirements are not satisfied, the Authority has determined to apply the hold-the-offering-price rule (as described in the second paragraph below) to each applicable maturity of the 2020A Bonds, and the successful bidder agrees to comply with the hold-the-offering-price rule, in the manner described below.*

Bidders should prepare their bids on the assumption that the Authority will determine the issue price of the 2020A Bonds either based on the reasonably expected initial offering price to the public or by application of the hold-the-offering-price rule.

In the event the competitive sale requirements are not satisfied, the successful bidder is required to comply with the hold-the-offering-price rule. The successful bidder shall also confirm that the underwriters participating in the purchase of the 2020A Bonds have offered or will offer each maturity of the 2020A Bonds to the public on or before the date of award at the offering price or



prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder. The successful bidder further shall agree, on behalf of the underwriters participating in the purchase of the 2020A Bonds, that the underwriters will neither offer nor sell unsold 2020A Bonds of any maturity to which the hold-the-offering-price rule shall apply to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the 2020A Bonds to the public at a price that is no higher than the initial offering price to the public.

The successful bidder shall within one business day report to the Authority when the underwriters have sold 10% of that maturity of the 2020A Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The successful bidder shall cooperate with the Authority and Bond Counsel, including by providing requested information to assist in establishing the issue price of the 2020A Bonds and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the successful bidder will confirm that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which any successful bidder is a party) relating to the initial sale of the 2020A Bonds to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the 2020A Bonds to the public, together with the related pricing wires, will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the 2020A Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the successful bidder or the underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the securities to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party to an underwriter,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with the Authority (or with the lead underwriter to form an underwriting

syndicate) to participate in the initial sale of the 2020A Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the 2020A Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the 2020A Bonds to the public),

- (3) a purchaser of any of the 2020A Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (4) “sale date” means the date that the 2020A Bonds are awarded by the District to the successful bidder.

### **California Debt Advisory and Investment Commission**

The successful bidder will be required, pursuant to state of California law, to pay any fees to the California Debt and Investment Advisory Commission (“CDIAC”). CDIAC will invoice the successful bidder after the closing of the 2020A Bonds.

### **Qualification for Sale; Blue Sky**

Compliance with blue sky laws shall be the sole responsibility of the successful bidder. The Board will furnish such information and take such action not inconsistent with law as the successful bidder may request and the Board shall deem necessary or appropriate to qualify the 2020A Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the successful bidder; provided, however, that the Board shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. The successful bidder will not offer to sell or solicit any offer to buy the 2020A Bonds in any jurisdiction where it is unlawful for such bidder to make such offer, solicitation or sale, and the bidder shall comply with the blue sky and other securities laws and regulations of the states and jurisdictions in which the bidder sells the 2020A Bonds.

### **No Litigation and Non-Arbitrage**

The Authority will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the 2020A Bonds. The Authority will also deliver an arbitrage certificate covering its reasonable expectations concerning the 2020A Bonds and the use of proceeds thereof.

### **Right of Cancellation**

The successful bidder will have the right, at its option, to cancel its purchase of the 2020A Bonds if the Authority fails to execute the 2020A Bonds and tender the same for delivery within 60 days from the date of the award thereof. In such event, the successful bidder will be entitled to the return of the deposit accompany the bid.

### **Preliminary Official Statement and Final Official Statement**

The Authority has made available a Preliminary Official Statement relating to the 2020A Bonds, a copy of which has been posted to [www.munios.com](http://www.munios.com). Such Preliminary Official Statement, together with any supplements thereto, shall be in form “deemed final” by the Authority for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement (the “Official Statement”). The Authority shall deliver, at closing, a certificate, executed by appropriate officers of the Authority acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the 2020A Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

By making a bid for the 2020A Bonds, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Authority, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System, and (3) to take any and all other actions necessary to comply with applicable SEC rules and MSRB rules governing the offering, sale and delivery of its 2020A Bonds to ultimate purchasers. The Final Official Statement for the 2020A Bonds will only be made available electronically; no hard copies will be provided to the winning bidder.

### **Continuing Disclosure**

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, the Authority will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and notice of the occurrence of certain enumerated events. A description of this undertaking and a form of the Continuing Disclosure Certificate is included in the Preliminary Official Statement.

A summary regarding the District’s past compliance with its continuing disclosure obligations is contained in the Preliminary Official Statement under the section “CONTINUING DISCLOSURE.”

### **Rating**

S&P Global Ratings, a Standard & Poor’s Financial Services LLC business has assigned to the 2020A Bonds the rating shown in the Preliminary Official Statement under the section “RATING.”

### **TERMS OF SALE**

## **Basis of Award**

The 2020A Bonds will be awarded to the responsible bidder whose bid produces the lowest true interest cost on the 2020A Bonds. The true interest cost on the 2020A Bonds (the "Purchaser") specified in any bid will be that rate which, when used in computing the present value of principal and interest to be paid on all 2020A Bonds from the expected date of delivery, to their respective maturity dates, or mandatory sinking fund redemption dates in the case of term bonds, produces an amount equal to the purchase price (including any premium) specified in such bid. For purposes of computing the true interest cost represented by any bid, the purchase price specified in such bid shall be equal to the par amount of the 2020A Bonds plus any premium specified in such bid, and the true interest rate shall be calculated by the use of a semiannual interval of compounding interest based on the Interest Payment Dates for the 2020A Bonds. In the event of a tied bid, the procedure for determining the winning bid will be the toss of a coin to be conducted by the Authority among such bidders whose bids have produced the tie.

## **All or None Bid**

Any prospective purchaser may submit a bid for the 2020A Bonds, provided that if any of the 2020A Bonds are bid for, then all of the 2020A Bonds must be bid for.

## **Form of Bid**

All bids for the 2020A Bonds must be unconditional and for not less than all of the 2020A Bonds offered for sale. Each bid must be in accordance with the terms and conditions set forth herein. Bids will only be accepted via PARITY® pursuant to this Notice until 10:00 a.m., Pacific Time on the date set forth for receipt of bids. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Municipal Advisor, Fieldman, Rolapp & Associates at (949) 892-8617 or PARITY® at (212) 849-5000.

## **Delivery and Payment**

Delivery of the 2020A Bonds will be made to the Purchaser on the closing date of \_\_\_\_\_, 2020. Payment of the purchase price (less the amount of the good faith deposit mentioned below) must be made in funds immediately available to the Authority.

## **Electronic Bids**

Electronic Bids via PARITY® (the "Electronic Bidding System") will be accepted in accordance with this Notice of Sale until 10:00 a.m. Pacific Time, on the bid date. To the extent any instructions or directions set forth in Parity® conflict with this Notice of Sale, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact Fieldman, Rolapp & Associates at (949) 751-8445, or (949) 862-8912 or PARITY® at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5000.

## **Estimate of True Interest Cost**

Bidders are requested to supply a calculation of the true interest cost of the 2020A Bonds to the Authority on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Authority.

### **Bid Award Deposit**

The winning bidder will be required to submit a Bid Award Deposit equal to \$\_\_\_\_\_ not later than 12:00 p.m. Pacific Time on the first business day following the bid date (\_\_\_\_\_, 2020) for the 2020A Bonds. The deposit shall be made by wire to an account of the Authority provided directly to the winning bidder. In the event a bidder's Bid Award Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the Authority.

No interest will be paid by the Authority on the amount of the Bid Award Deposit. The proceeds of the Bid Award Deposit of the winning bidder will be applied to the purchase price of the 2020A Bonds, or in the event of the failure of a winning bidder to pay for the 2020A Bonds in compliance with the terms of the bid, at the option of the Authority, its Bid Award Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the Authority.

### **Right to Modify or Amend**

The Authority reserves the right to modify or amend this Official Notice of Sale including, but not limited to the right to adjust and change the aggregate principal amount of the 2020A Bonds being offered. Such notifications or amendments shall be made not later than 2:00 p.m. Pacific Time on the business day immediately preceding the day of the bid opening and communicated through Thomson Municipal News ([www.tm3.com](http://www.tm3.com)) and by facsimile transmission to any qualified bidder timely requesting such notice.

### **Right to Reject Bids or Waive Irregularities**

The Authority reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

### **Right to Cancel, Postpone, or Reschedule Sale:**

The Authority reserves the right to cancel, postpone or reschedule the sale of the 2020A Bonds upon notice given through the Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* not less than eighteen (18) hours prior to the time bids are to be received. If the sale is postponed, bids will be received at the place set forth above, at the date and time as the Authority shall determine. Notice of the new sale date and time, if any, will be given through Bloomberg News Service, Thompson Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received. As an accommodation to bidders, telephone or fax notice of the postponement of the sale date and of the new sale date will be given to any bidder requesting such notice from the Municipal Advisor. Failure of any bidders to receive such notice shall not affect the legality of the sale.

Dated: \_\_\_\_\_, 2020

NEVADA IRRIGATION DISTRICT JOINT POWERS  
AUTHORITY

By: /s/

---

Marvin V. Davis  
Finance Manager/Treasurer  
Nevada Irrigation District Joint Powers  
Authority

**EXHIBIT A**

**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY  
REVENUE BONDS, SERIES 2020A**

**CERTIFICATE OF THE PURCHASER**

\_\_\_\_\_ (the “Purchaser”) is making these certifications in connection with the above-captioned bonds described in Schedule A attached hereto (the “Obligations”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Bond Counsel, (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

[IF 3 BIDS RECEIVED]

**A. Issue Price.**

1. On \_\_\_\_\_, the Purchaser won on a competitive basis the right to reoffer the Obligations.

2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. The Purchaser has actually offered each of the Maturities of the Obligations at the Expected Offering Prices to the Public. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

**B. Defined Terms.**

1. “*Maturity*” means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

2. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

3. “*Related Party*” means any entity if an underwriter and the entity are subject, directly

or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

4. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].

5. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

**A. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

1. The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Obligations is attached to this certificate as Schedule B.

2. By submission of its bid, the Purchaser has agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Obligations during the Holding Period.

**B. Defined Terms.**

1. “*Hold-the-Offering-Price Maturities*” means those Maturities of the Obligations where the issue price was established under Treasury Regulations § 1.148-1(f)(2)(ii), as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

2. “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.



3. “*Issuer*” is as defined in the attached Tax Certificate.

4. “*Maturity*” means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.

5. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter.

6. “*Related Party*” means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].

8. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Obligations to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Obligations to the Public).

Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

Dated: \_\_\_\_\_, 2020

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

[IF 3 BIDS]

**SCHEDULE A**

**EXPECTED OFFERING PRICES**

<i>Maturity Date</i> <i>(March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Expected Offering</i> <i>Prices</i>
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[IF 3 BIDS]

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE A**

<i>Maturity Date (March 1)</i>	<i>Principal Amount</i>	<i>Rate</i>	<i>Initial Offering Price</i>	<i>General Rule Maturities</i>	<i>Hold-the- Offering- Price Maturities</i>
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[IF 3 BIDS NOT RECEIVED]

**SCHEDULE B**

**Pricing Wire**

STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION  
ATTORNEYS AT LAW  
500 CAPITOL MALL, SUITE 1120  
SACRAMENTO, CA 95814  
TELEPHONE (916) 449-2350  
FACSIMILE (916) 441-2034

DOUGLAS S. BROWN  
916.449.2338  
[DBROWN@SYCR.COM](mailto:DBROWN@SYCR.COM)

CALIFORNIA  
NEWPORT BEACH  
SACRAMENTO  
SAN DIEGO  
SAN FRANCISCO  
SANTA BARBARA  
SANTA MONICA  
COLORADO  
DENVER  
NEVADA  
RENO  
WASHINGTON  
SEATTLE

August 5, 2020

Board of Directors  
Nevada Irrigation District Joint Powers Authority  
c/o Nevada Irrigation District  
1036 West Main Street  
Grass Valley, California 95945

Board of Directors:

We thank you for the opportunity to continuing to represent the Nevada Irrigation District Joint Powers Authority (the "Authority") as bond counsel for the proposed refinancing on behalf of Nevada Irrigation District. As is traditional for bond counsel matters, our fees will be contingent on the completion of the refinancing and will be payable from the proceeds of the refinancing. Unless otherwise confirmed in writing, the terms of this letter and the enclosed Terms of Retention will govern our bond counsel representation of the Authority in connection with the matters identified above.

We are attaching our normal Terms of Retention, which is an integral part of our retention agreement. If this letter, including the attached Terms of Retention, accurately reflects your understanding of our relationship, please acknowledge your approval and acceptance of these terms by signing and returning this letter to me. Copies of each are enclosed for your files. I would be pleased to answer any questions you might have.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH

Douglas S. Brown

Enclosure

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth.

NEVADA IRRIGATION DISTRICT JOINT POWERS  
AUTHORITY

By: \_\_\_\_\_  
Executive Director

**TERMS OF RETENTION  
OF  
STRADLING YOCCA CARLSON & RAUTH**

1. **Fees and Costs.** Stradling Yocca Carlson & Rauth (the “Firm”) is typically compensated for its services based primarily on the value of the services and the time spent performing them. Such compensation may include the time spent on client conferences, travel, research, drafting documents, and other activities. The amount of fees charged on a statement is determined by the hours expended by the different attorneys and other professional personnel involved and the applicable rates. **For bond counsel services on the proposed refinancing on behalf of Nevada Irrigation District, however, we charge on a fixed fee basis for the scope of work described in Exhibit A hereto, contingent upon completion of the refinancing. The fixed fee for the current refinancing is \$70,000.**

The firm also charges for various costs such as copying, telephone charges, computerized legal research, word processing and/or other computer time, overtime costs, messenger services, travel, filing fees and other costs. Bills for some costs are passed on directly, such as bills for certified shorthand reporters, technical consultants, and other professional fees. **For bond counsel matters, expenses will be included in the fixed amount quoted to you as described above.**

2. **Date of Termination.** Our representation of you will be considered terminated at the earlier of: (i) your termination of our representation; (ii) our withdrawal from our representation of you; or (iii) the substantial completion of our substantive work for you.

3. **Termination by Authority.** We understand that we serve at the pleasure of the Authority and this Terms of Retention may be terminated by the Authority at any time, upon 10 days written notification with or without cause. In the event that our services are terminated prior to completion of the refinancing, no portion of any contingent bond counsel fee shall be payable to us.

4. **Termination by Us.** We reserve the absolute right to withdraw from representing you if, among other things, you fail to honor the terms of our agreement, you fail to cooperate fully or follow our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution of any documents necessary to complete our withdrawal, and we will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on your behalf. Notwithstanding the foregoing, no portion of any contingent bond counsel fee shall be payable in the event we terminate our representation of you as discussed above prior to closing of the proposed transaction. If necessary in connection with litigation, we would request leave of court to withdraw.

5. **Related Activities.** If any claim or action is brought against us or any personnel or agents of the firm based on your negligence or misconduct, or if we are asked to testify as a result of our representation of you or must defend the confidentiality of your communications in any proceeding, you agree to pay us for any resulting fees, costs, or damages, including our time, even if our representation of you has ended.

6. **Client File and Retention.** For each matter we maintain a file in which we place certain documents and items, including original documents, that are reasonably necessary to our representation in the matter. We keep each file for seven years after a matter concludes. The file is your property and, subject to any protective order or non-disclosure agreement, you may request to take possession of it once the matter concludes. If you do not take possession of the file during that seven-year period, you agree that upon sixty days' notice to you we may dispose of it unless you request to take possession of it at that time. We will promptly notify you should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation ("Legal Process") while in our possession, including after the matter concludes. You agree to pay our then-prevailing hourly rates and costs we incur to comply with the Legal Process. Any additional charges for fees and costs in connection with the Legal Process will be subject to your approval.

7. **No Guarantee of Outcome.** The Firm will provide its services consistent with the level and quality of expertise expected of a nationally recognized firm specializing in securities law and the transactions contemplated by this agreement. We do not and cannot guarantee any outcome in a matter.

8. **Insurance.** We hereby advise you that this firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to you. Evidence of such insurance will be provided upon request.

9. **Identity of Client.** We represent only the entity named above in this matter. We do not represent any other entity or person, including any other company, partnership, organization, director, officer, employee, member, shareholder, partner, agent or family member, in this matter. Any representation by us of such other entity or person will be established only in a separate written agreement.

10. **Payment Notwithstanding Dispute.** In the event of any dispute that relates to our entitlement to any payment from you, all undisputed amounts shall be paid by you. Any amounts in any client trust account held on your behalf, sufficient to pay the disputed amounts, shall continue to be held in such trust account until the final disposition of the dispute.

11. **Arbitration.** We appreciate the opportunity to serve as your attorneys and anticipate a productive and harmonious relationship. If you should feel for any reason that there is a problem with the services we have performed or with our charges, we encourage you to bring that to our attention immediately. If we perceive a problem with your representation, we likewise will endeavor to discuss it with you. Most problems should be rectified by communication and discussion. However, a dispute might arise between us which could not be resolved by negotiation. We believe that such attorney-client disputes are most satisfactorily resolved through final and binding arbitration rather than by litigation. Both the United States Supreme Court and the California Supreme Court have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious.

In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and



procedure are often less formal and less rigid than the rules which apply in Court. Arbitration usually results in a decision much more quickly than proceedings in Court, and the attorneys' fees and other costs incurred by both sides may be substantially less. You are free to discuss the advisability of arbitration with us, or with your own independent counsel or any of your other advisors, and to ask any questions which you may have.

By signing this Terms of Retention, we agree that, in the event of any dispute or claim arising out of or relating to our engagement, our relationship, our charges, or our services (including but not limited to disputes or claims regarding our charges, professional malpractice, errors or omissions, breach of contract, breach of fiduciary duty, fraud, or violation of any statute), SUCH DISPUTE OR CLAIM SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION IN SACRAMENTO COUNTY, CALIFORNIA, BEFORE A RETIRED JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, YOU WAIVE ANY RIGHT YOU HAVE TO A COURT OR JURY TRIAL. Venue with regard to any ancillary proceedings arising out of such dispute or claim shall also be in Orange County. If we are unable to mutually agree on a retired judge or justice, then each side will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. The fees of the arbitrator will be paid initially equally by both the Firm and you. However, the arbitrator shall have the right to order either party to pay all fees and costs as part of his award.

In arbitration, we shall both be entitled to conduct discovery in accordance with the provisions of the California Code of Civil Procedure, but either of us may request that the arbitrator limit the amount or scope of such discovery and, in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

Under California law, you have the right, if you desire, to request arbitration of any fee dispute before an arbitrator or panel of arbitrators selected by a local bar association or the State Bar ("Bar Arbitration") and a trial de novo in court if dissatisfied with the result. If you do request a Bar Arbitration, the law provides that evidence of any claim of malpractice or professional misconduct is admissible only concerning the fees or costs in dispute and that the Bar Arbitrators shall not award any affirmative relief in the form of damages, offset or otherwise on account of such claim. By signing this Terms of Retention, you agree that if a Bar Arbitration is conducted, that Bar Arbitration or any trial de novo in Court thereafter shall determine only the issue of the amount of fees properly chargeable to you, if any, and that such Bar Arbitration or trial de novo in Court thereafter shall have no effect on the provisions set forth above which require arbitration before a retired judge or justice of any claims for affirmative relief based on alleged professional malpractice, errors or omissions, breach of conduct, breach of fiduciary duty, fraud or violation of any statute. Any such claims shall be solely determined in an arbitration proceeding by a retired judge or justice without regard to the result of any Bar Arbitration or trial de novo thereafter.

12. **Our Counsel.** We have both internal counsel and outside counsel who advise our professionals about their ethical, professional and legal duties. From time to time, our professionals may consult such counsel about this matter. You acknowledge that such

consultations are protected from disclosure to you by the attorney-client privilege between our counsel and us. You also agree that any such communications are not part of your client file, and that you waive any right to obtain discovery of those communications.

13. **Client Communication.** You hereby designate Marvin Davis, Finance Manager/Treasurer, to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from, that person and any other person that Marvin Davis may designate in the future.

14. **Other Clients.** As a law firm with many diverse clients and practice areas, we seek to retain the ability to accept unrelated matters for all of our clients. We may thus request your informed written consent in the event we seek to represent any other client in any future matter that is not substantially related to this matter and does not involve material confidential information we obtained while representing you in this matter. Such matters could arise during our representation of you in this matter. You may determine to consent or not consent to such request and should feel free to consult independent counsel of your choice before deciding whether to grant any consent should it be requested.

The Firm represents various investment banks, underwriters and placement agents from time-to-time on transactions for public agencies other than the Authority. The Firm is not representing any investment bank, underwriter or placement agent on the proposed transaction.

The Firm represents various irrigation districts and other water agencies.

15. **Miscellaneous.** This letter sets forth the entire agreement between you and us, and there is no other or additional understandings between you and us on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and us on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and us. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

16. **Effective Date.** The effective date of this agreement is the date you sign this letter, but if signed, will apply back to the date we first provided legal services to you with regard to our fees. The date of this letter is for reference only.

17. **Primary Attorney.** The primary attorney with responsibility for this representation will be Douglas S. Brown. The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Mr. Brown and no change will be made in the primary attorney without the prior, written consent of the Authority. The Firm will not substitute another primary attorney without the prior, reasonable, approval of the Authority.

## **EXHIBIT A**

### **SCOPE OF SERVICES**

As Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation (the “Firm”), will undertake the following Scope of Services on the proposed transaction:

1. **Preparation of Legal Documents.** Provide bond counsel services in connection with the proposed refinancing on behalf of Nevada Irrigation District, including but not limited to:

- advice and consultation with the general manager, finance director, general counsel, financial advisor and the Boards of Directors regarding the proposed refinancing, the revenues to be pledged, proposed financial covenants and the refinancing process;
- preparation of all legal proceedings for the Authority and the District in connection with the proposed refinancing;
- drafting various resolutions, documents and agreements, including an escrow agreement, for consideration by the Boards of Directors of the Authority and the District;
- participating in meetings, hearings or negotiations with the staff, Board committees, Boards of Directors, financial advisor, and other financing team members as the circumstances require;
- render a tax opinion that interest earned with respect to the debt obligation is exempt from State and Federal taxes; and
- prepare final closing documents to be executed by the District to effect delivery of any refinancing (including the tax certificate) and coordinate the adoption and execution of all documents and of the closing.

2. **Drafting of Official Statement and Delivery of Security Law Opinions.**

- preparation of disclosure policies and procedures for the District and the Authority.
- provide disclosure training to Authority and District staff.
- assist the Authority and District staff in drafting the preliminary official statement and the final official statement.
- render a bond counsel supplemental opinion with respect to those portions of the final official statement which summarize the financing documents;
- render a negative assurance letter with respect to certain sections of the official statements (not including any appendices thereto other than the appendix relating to Nevada Irrigation District) addressed to the underwriter in our customary form.

We understand that the Authority and/or the District have engaged a third party to review its compliance with its prior continuing disclosure undertaking and advise it with respect to any necessary supplemental filings.



## **RESOLUTION NO. 2020-19**

### **OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT**

#### **AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT PURCHASE AGREEMENT FOR THE PURPOSE OF CAUSING THE ISSUANCE OF NOT TO EXCEED \$20,000,000 AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Nevada Irrigation District (the "District"), an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the "State"), proposes to undertake the refinancing of the acquisition and construction of certain improvements, betterments, renovations and expansions of facilities within its water system previously financed from the proceeds of the Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A (the "2011 Bonds") through the refunding of the 2011 Bonds; and

WHEREAS, the District is a member of the Nevada Irrigation District Joint Powers Authority (the "Authority"), a public entity duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State; and

WHEREAS, the Authority has agreed to issue revenue bonds (the "2020A Bonds") to assist the District in refunding the 2011 Bonds; and

WHEREAS, the Board of Directors of the District (the "Board") has determined that it is in the best interest of the District to enter into an installment purchase agreement with the Authority in connection therewith, and to approve certain other documents;

NOW, THEREFORE, the Board of Directors of the Nevada Irrigation District hereby finds, determines, declares and resolves as follows:

**SECTION 1. Installment Purchase Agreement.** The Installment Purchase Agreement, in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. Each of the President of the Board or the General Manager of the District or the written designee thereof (each an "Authorized Officer") is hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as are consistent with the transactions contemplated in the Preliminary Official Statement, which such Preliminary Official Statement is being approved in Section 4 hereof, and which may be recommended by General Counsel or Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel ("Bond Counsel"), and approved by such Authorized Officer, said execution being conclusive evidence of such approval.

**SECTION 2. Continuing Disclosure Certificate.** The Continuing Disclosure Certificate, in substantially the form attached hereto as Exhibit B and, upon execution as authorized below, made a

part hereof as though set forth in full herein, is hereby approved. Each Authorized Officer is hereby individually authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel, and approved by such Authorized Officer, said execution being conclusive evidence of such approval.

SECTION 3. 2020A Bonds. The District hereby authorizes the sale by the Authority of the 2020A Bonds at competitive sale; provided, however, that in no event shall the aggregate principal amount of the 2020A Bonds exceed \$20,000,000, nor shall the underwriting discount for the 2020A Bonds exceed 1.00%, nor shall the true interest cost of the 2020A Bonds exceed 2.85% per annum.

SECTION 4. Preliminary Official Statement. The preparation and distribution of Appendix A to the Preliminary Official Statement in substantially the form attached hereto as Exhibit C is approved. The General Manager of the District or the written designee thereof is authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") relating to Appendix A to the Preliminary Official Statement. Each Authorized Officer is hereby individually authorized and directed to execute, approve and deliver Appendix A to the Official Statement in the form of Appendix A to the Preliminary Official Statement, with such changes, insertions and omissions as may be recommended by General Counsel or Bond Counsel in accordance with the Rule, and approved by such Authorized Officer, said execution being conclusive evidence of such approval. The underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2020A Bonds and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2020A Bonds.

SECTION 5. Debt Management Policy. The amended Debt Management Policy of the District, in substantially the form attached hereto as Exhibit D, is hereby approved.

SECTION 6. Good Faith Estimates. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit E to this resolution and are available to the public at the meeting at which this resolution is approved.

SECTION 7. Other Actions. The President or Vice President of the Board or the General Manager of the District or the written designee thereof and any other proper officers of the District, acting singly, be and each of them hereby is authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2020A Bonds, the redemption of the 2011 Bonds, the delivery of the Installment Purchase Agreement, the Continuing Disclosure Certificate, Appendix A to the Preliminary Official Statement and Appendix A to the final Official Statement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 8. Bond Counsel. The District hereby approves the appointment of Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel to the Authority in accordance with the terms of the engagement letter on file with the Secretary.

SECTION 9. Effect. This Resolution shall take effect immediately.

SECTION 10. Recitals. Each of the foregoing recitals are true and correct.

PASSED AND ADOPTED THIS 12<sup>th</sup> DAY OF AUGUST, 2020.

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President of the Board of Directors

[SEAL]

Attest:

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Secretary of the Board of Directors

**EXHIBIT A**  
**INSTALLMENT PURCHASE AGREEMENT**



**EXHIBIT B**  
**CONTINUING DISCLOSURE CERTIFICATE**

**EXHIBIT C**

**APPENDIX A TO THE PRELIMINARY OFFICIAL STATEMENT**

**EXHIBIT D**  
**DEBT MANAGEMENT POLICY**

## EXHIBIT E

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020A Bonds and the Installment Purchase Agreement in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by the Municipal Advisor.

***Principal Amount.*** The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate amount of the Installment Purchase Agreement is \$15,905,000.

***True Interest Cost of the Installment Purchase Agreement.*** The Municipal Advisor has informed the District that based on the expected interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the Installment Purchase Agreement, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Installment Purchase Agreement, is 1.328%.

***Finance Charge of the Installment Purchase Agreement.*** The Municipal Advisor has informed the District that, assuming that the Installment Purchase Agreement is executed, their good faith estimate of the finance charge for the Installment Purchase Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Installment Purchase Agreement), is \$311,335.00.

***Amount of Proceeds to be Received.*** The Municipal Advisor has informed the District that based on estimated interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the District for sale of the Installment Purchase Agreement, less the finance charge of the Installment Purchase Agreement, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Installment Purchase Agreement, is \$17,191,096.00.

***Total Payment Amount.*** The Municipal Advisor has informed the District that based on interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Installment Purchase Agreement, plus the finance charge for the Installment Purchase Agreement, as described above, paid with the proceeds of the Installment Purchase Agreement, calculated to the final maturity of the Installment Purchase Agreement, is \$19,153,756.00, which excludes any reserves funded with proceeds of the Installment Purchase Agreement (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of July 31, 2020, and are based on information provided in the draft Installment Purchase Agreement at the time of preparation of such estimates. The actual principal amount of the Installment Purchase Agreement, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual

date of the entering into the Installment Purchase Agreement being different than the date assumed for purposes of such estimates, (b) the actual principal amount of Installment Purchase Agreement executed by the District being different from the Principal Amount, (c) the actual amortization of the payments under the Installment Purchase Agreement being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of execution of the Installment Purchase Agreement being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations in the District's financing plan, or a combination of such factors. The actual date of execution of the Installment Purchase Agreement and the actual principal amount of the Installment Purchase Agreement will be determined by the District based on the timing of the need for proceeds of the Installment Purchase Agreement and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the Installment Purchase Agreement and timing of the execution of the Installment Purchase Agreement may be affected by factors beyond the control of the District, or the Municipal Advisor.



## **RESOLUTION NO. 2020-01**

### **OF THE NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY**

#### **AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$20,000,000 AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS**

WHEREAS, the Nevada Irrigation District Joint Powers Authority (the "Authority"), a public entity duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State of California (the "State"), has the powers, among others, to issue bonds and to finance facilities on behalf of its members; and

WHEREAS, the Nevada Irrigation District (the "District"), an irrigation district duly organized and existing under and by virtue of the laws of the State, a member of the Authority, proposes to undertake the refinancing of certain District facilities previously financed from proceeds of the Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2011A (the "2011 Bonds" ) through the refunding of the 2011 Bonds; and

WHEREAS, the Board of Directors of the Authority (the "Board") has determined that it is desirable to issue revenue bonds (the "2020A Bonds") to assist the District in refunding the 2011 Bonds; and

WHEREAS, the Board has determined that it is in the best interest of the Authority to enter into an installment purchase agreement with the District in connection therewith, and to approve certain other documents;

NOW, THEREFORE, the Board of Directors of the Nevada Irrigation District Joint Powers Authority hereby finds, determines, declares and resolves as follows:

**SECTION 1. Indenture of Trust.** The Indenture of Trust, in substantially the form on file with the Secretary of the Authority and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. Each of the President of the Board and the Executive Director of the Authority or the written designee thereof (each an "Authorized Officer") are each hereby individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as are consistent with the transactions contemplated in the Preliminary Official Statement, which such Preliminary Official Statement is being approved in Section 3 hereof, and which may be recommended by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel ("Bond Counsel"), and approved by such Authorized Officer, said execution being conclusive evidence of such approval.

**SECTION 2. Installment Purchase Agreement.** The Installment Purchase Agreement, in substantially the form on file with the Secretary of the Authority and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. Each Authorized

Officer is hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as are consistent with the transactions contemplated in the Preliminary Official Statement, which such Preliminary Official Statement is being approved in Section 3 hereof, and which may be recommended by Bond Counsel, and approved by such Authorized Officer, said execution being conclusive evidence of such approval.

SECTION 3. Preliminary Official Statement. The preparation and distribution of the Preliminary Official Statement relating to the 2020A Bonds (excepting Appendix A therefrom, the “Preliminary Official Statement”) in the form presented at this meeting is approved. Each Authorized Officer is authorized individually to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “Rule”) relating to the Preliminary Official Statement. Each Authorized Officer is hereby individually authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement, with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by Bond Counsel, in accordance with the Rule, and approved by such Authorized Officer, said execution being conclusive evidence of such approval. Fieldman Rolapp & Associates, Municipal Advisor to the District and the Authority (the “Municipal Advisor”) is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2020A Bonds and the underwriter which is the successful bidder for the 2020A Bonds as determined in accordance with Section 5 below is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2020A Bonds.

SECTION 4. 2020A Bonds. The Board hereby authorizes the sale of the 2020A Bonds at competitive sale; provided, however, that in no event shall the aggregate principal amount of the 2020A Bonds exceed \$20,000,000, nor shall the underwriting discount for the 2020A Bonds exceed 1.00%, nor shall the true interest cost of the 2020A Bonds exceed 2.85% per annum. Each Authorized Officer is hereby individually authorized and directed to award the sale of the 2020A Bonds to the bidder with the lowest true interest cost, taking into account the underwriting discount. Any Authorized Officer may accept or reject all or any portion of bids received on the 2020A Bonds in order to accomplish the goals of the District as set forth herein.

SECTION 5. Notice of Intention to Sell Securities. Each Authorized Officer, in cooperation with Bond Counsel and the Municipal Advisor, is hereby individually authorized and directed, (i) pursuant to Section 53692 of the California Government Code, to cause to be published the Notice of Intention to Sell Securities once at least five (5) days prior to the date set for receipt of bids on the 2020A Bonds, in a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the securities and (ii) to cause the Official Notice of Sale, in substantially the form on file with the Secretary of the Authority, to be circulated among prospective bidders.

SECTION 6. Good Faith Estimates. The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in Exhibit A to this resolution and are available to the public at the meeting at which this resolution is approved.

SECTION 7. Debt Management Policy. The Board hereby determines that the District’s Debt Management Policy, including the Policy for Disclosure Procedures, included as Policy Number 3050 in the District’s Policy Manual, shall apply to the Authority.

SECTION 8. Trustee. U.S. Bank National Association, San Francisco, California, is hereby appointed to act as trustee under the Indenture of Trust.

SECTION 9. Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed to act as Bond Counsel to the Authority in accordance with the terms of the engagement letter on file with the Secretary.

SECTION 10. Other Actions. The President or Vice President of the Board, the Executive Director or Finance Manager of the Authority or the written designee thereof and any other proper officers of the Authority, acting singly, are each authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2020A Bonds, the delivery of the Indenture of Trust, the Installment Purchase Agreement, the Notice of Sale, the Preliminary Official Statement and the final Official Statement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 11. Effect. This Resolution shall take effect immediately.

SECTION 12. Recitals. Each of the foregoing recitals are true and correct.

PASSED AND ADOPTED THIS 12<sup>th</sup> DAY OF AUGUST, 2020.

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President of the Board of Directors

[SEAL]

ATTEST:

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Secretary of the Board of Directors



## EXHIBIT A

### GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the 2020A Bonds in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Authority by the Municipal Advisor.

***Principal Amount.*** The Municipal Advisor has informed the Authority that, based on the Authority's financing plan and current market conditions, its good faith estimate of the aggregate amount of the 2020A Bonds to be sold is \$15,905,000.

***True Interest Cost of the 2020A Bonds.*** The Municipal Advisor has informed the Authority that based on the expected interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the true interest cost of the 2020A Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the 2020A Bonds, is 1.328%.

***Finance Charge of the 2020A Bonds.*** The Municipal Advisor has informed the Authority that, assuming that the 2020A Bonds are executed, their good faith estimate of the finance charge for the 2020A Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the 2020A Bonds), is \$311,335.00.

***Amount of Proceeds to be Received.*** The Municipal Advisor has informed the Authority that based on estimated interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the amount of proceeds expected to be received by the Authority for sale of the 2020A Bonds, less the finance charge of the 2020A Bonds, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the 2020A Bonds, is \$17,191,096.00.

***Total Payment Amount.*** The Municipal Advisor has informed the Authority that based on interest rates prevailing at the time of preparation of such estimate, their good faith estimate of the total payment amount, which means the sum total of all payments the Authority will make to pay debt service on the 2020A Bonds, plus the finance charge for the 2020A Bonds, as described above, paid with the proceeds of the 2020A Bonds, calculated to the final maturity of the 2020A Bonds, is \$19,153,756.00, which excludes any reserves funded with proceeds of the 2020A Bonds (which may offset such total payment amount).

The foregoing estimates constitute good faith estimates only as of July 31, 2020, and are based on information provided in the draft 2020A Bonds agreement at the time of preparation of such estimates. The actual principal amount of the 2020A Bonds issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to (a) the actual date of the entering into the 2020A Bonds being different than the date assumed for purposes of such estimates, (b) the actual principal amount of 2020A Bonds sold being different from the Principal Amount, (c) the actual amortization of the 2020A Bonds being different than the amortization assumed for purposes of such estimates, (d) the actual interest rates at the time of sale of the 2020A Bonds being different than those estimated for purposes of such estimates, (e) other market conditions, (f) alterations in the Authority's financing plan, or a combination of such factors. The

actual date of execution of the 2020A Bonds and the actual principal amount of the 2020A Bonds sold will be determined by the Authority based on the timing of the need for proceeds of the 2020A Bonds and other factors. Factors such as the final loan repayment schedule, any changes to the interest rate on the 2020A Bonds and timing of the execution of the 2020A Bonds may be affected by factors beyond the control of the Authority, or the Municipal Advisor.

**NEVADA IRRIGATION DISTRICT**  
**2020 Revenue Bonds**

**INTERESTED PARTIES LIST**

**Issuer**

**Nevada Irrigation District**  
1036 West Main Street  
Grass Valley, CA 95945

Greg Jones, Interim General Manager

☎ (530) 273-6185  
[jonesg@nidwater.com](mailto:jonesg@nidwater.com)

Marvin Davis, Finance Manager/Treasurer

☎ (530) 273-6185 – x255  
[davism@nidwater.com](mailto:davism@nidwater.com)

**Issuer Counsel**

**Minasian, Spruance, Meith, Soares & Sexton LLP**  
1681 Bird Street  
Oroville, CA 95965

☎ (530) 533-2885

Andrew McClure

[amcclure@minasianlaw.com](mailto:amcclure@minasianlaw.com)

**Bond Counsel/Disclosure Counsel**

**Stradling Yocca Carlson & Rauth**  
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**NEVADA IRRIGATION DISTRICT**  
**2020 Revenue Bonds**

**INTERESTED PARTIES LIST**

**Underwriter**

**TBD**

TBD

☎: TBD  
[TBD](#)

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<b>NEVADA IRRIGATION DISTRICT</b>
<b>2020 Revenue Bonds</b>

<b>INTERESTED PARTIES LIST</b>
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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Nevada Irrigation District (the “District”) in connection with the issuance by the Nevada Irrigation District Joint Powers Authority (the “Authority”) of its \$\_\_\_\_\_ Revenue Bonds, Series 2020A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of August 1, 2020 (the “Indenture”), by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Authority. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of December of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Installment Purchase Agreement. “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of August 1, 2020, by and between the District and the Authority.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated \_\_\_\_, 2020 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2020) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the District for the most recent Fiscal Year, then ended prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Bonds outstanding.

(c) An update for the last Fiscal Year only of the information in the following tables or paragraphs in Appendix A—"INFORMATION RELATING TO THE NEVADA IRRIGATION DISTRICT" in the Official Statement:

(1) "District Share of County 1% Property Tax;"

(2) "Historic Water Deliveries;"

(3) "Historic Service Connections;"

(4) "Historic Operating Results and Debt Service Coverage; provided, however, that if such information can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under this section 4(c) shall not constitute a default hereunder."

(d) Any or all of the items listed in (a), (b) or (c) above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or a Notice of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.



(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
2. modifications to the rights of Bond holders;
3. optional, unscheduled or contingent Bond redemptions;
4. release, substitution or sale of property securing repayment of the Bonds;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bond holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8) under this Section 5, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

(e) While the failure to file a notice of the occurrence of a Listed Event under Section 5(a)(8) shall constitute non-compliance with the terms hereof and may be required to be disclosed by the Authority in accordance with the Rule, failure shall not constitute an event of default hereunder if (i) the District did not receive written notice of such rating change from the respective rating agency, (ii) the rating change was a result of a change in the rating of a liquidity or credit enhancement and the market was generally aware of the change in the rating of such liquidity or credit enhancer or (iii) the rating agency filed a notice of such rating change with EMMA.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation or another nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. Notwithstanding the foregoing, no action may be undertaken by Holders or Beneficial Owners of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of a Holders or Beneficial Owner of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Dissemination Agent. The District may from time to time appoint or engage a dissemination agent to assist the District in carrying out its obligations under this Disclosure Certificate and may discharge any such dissemination agent with or without appointing a successor dissemination agent.

12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

13. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Dated: \_\_\_\_\_, 2020

NEVADA IRRIGATION DISTRICT

By: \_\_\_\_\_  
Its: President of the Board of Directors