
INSTALLMENT SALE AGREEMENT

Dated as of August 1, 2024

by and between

COALINGA PUBLIC FINANCING AUTHORITY, as Seller

and the

CITY OF COALINGA, as Purchaser

Relating to
\$ _____
Coalinga Public Financing Authority
(Fresno County, California)
Wastewater Revenue Bonds, Series 2024
(Solar Project)

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INSTALLMENT SALE AGREEMENT

THIS INSTALLMENT SALE AGREEMENT, dated as of August 1, 2024 (this "Installment Sale Agreement"), is by and between the COALINGA PUBLIC FINANCING AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the "Authority"), and the CITY OF COALINGA, a general law city and municipal corporation duly organized and existing under the laws of the State of California (the "City"),

WITNESSETH:

WHEREAS, under Article 4 (commencing with section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law") the Authority is authorized to borrow money for the purpose of financing the acquisition of bonds, notes and other obligations of, or for the purpose of making loans to, public entities including the City, and to provide financing for public capital improvements of public entities including the City;

WHEREAS, the City has determined that, due to prevailing financial market conditions and for other reasons, it is in the best interests of the City to finance the acquisition and construction of improvements and facilities (the "2024 Wastewater Project") to the City's municipal wastewater enterprise (the "Wastewater System");

WHEREAS, for the purpose of raising funds necessary to provide such financial assistance to the City, the Authority proposes to authorize the issuance of its revenue bonds under the provisions of the Bond Law, designated as the Coalinga Public Financing Authority Wastewater Revenue Bonds, Series 2024 (Solar Project) (the "Bonds"), all pursuant to and secured by an indenture of trust, by and between the Authority and Computershare Trust Company, N.A., as trustee;

WHEREAS, in order to provide for the repayment of the Bonds, the Authority will sell the 2024 Wastewater Project to the City pursuant to this Installment Sale Agreement, under which the City will agree to make installment payments to the Authority payable from the net revenues of the Wastewater System which payments will be calculated to be sufficient, in time and amount, to enable the Authority to pay the principal of and interest and premium (if any) on the Bonds when due and payable;

WHEREAS, such payments by the City under the Installment Sale Agreement will be on a parity, as to payment and security, with the City's obligations with respect to the payment of installment payments under that a wastewater installment sale agreement, dated as of March 1, 2021, which provides for the payment of a portion of the debt service due by the Authority under its Coalinga Public Financing Authority Revenue Bonds, Series 2021A (Water and Wastewater Financing Projects) (Federally Taxable); and

WHEREAS, the Authority and the City have duly authorized the execution and delivery of this Installment Sale Agreement;

NOW, THEREFORE, for and in consideration of the premises and the material covenants hereinafter contained, the parties hereto hereby formally covenant, agree and bind themselves as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms in this Installment Sale Agreement shall have the respective meanings specified in the Indenture.

ARTICLE II

COVENANTS AND REPRESENTATIONS

Section 2.1. Covenants and Representations of the City. The City makes the following covenants and representations to the Authority that as of the Closing Date:

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

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

(c) This Installment Sale Agreement has been duly authorized, executed and delivered by the City, and constitutes the legal, valid and binding agreement of the City, enforceable against the City in accordance with its terms.

(d) The execution and delivery of this Installment Sale Agreement, the consummation of the transactions herein contemplated and the fulfillment of or compliance with the terms and conditions hereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the City is a party or by which it, the Wastewater System or the 2024 Wastewater Project are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the City, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Installment Sale Agreement, or the financial condition, assets, improvements or operations of the Wastewater System.

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

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

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

(h) There are no outstanding bonds, notes, loans, leases, installment sale agreements or other obligations which have any security interest in or claim upon the Net Revenues, which security interest or claim is superior to or on a parity with the Installment Payments other than the 2021 Installment Sale Agreement.

Section 2.2. Covenants and Representations of the Authority. The Authority makes the following covenants and representations to the City that as of the Closing Date:

(a) The Authority is a joint powers entity, duly organized and existing under the laws of the State. The Authority has the power to enter into the transactions contemplated by this Installment Sale Agreement and to carry out its obligations hereunder. By proper action of its governing body, the Authority has been duly authorized to execute, deliver and duly perform this Installment Sale Agreement and the Indenture.

(b) To finance the 2024 Wastewater Project and the Costs of Issuance, the Authority will issue the Bonds, which will mature, bear interest and be subject to redemption as set forth in the Indenture.

(c) The Bonds will be issued under and secured by the Indenture, and pursuant thereto, certain of the Authority's interests in this Installment Sale Agreement have been assigned to the Trustee as security for payment of a portion of the principal of, premium, if any, and interest on the Bonds.

(d) The Authority is not in default under any of the provisions of the laws of the State, which default would affect its existence or its powers referred to in subsection (a) of this Section 2.2.

ARTICLE III

ISSUANCE OF BONDS; ACQUISITION AND CONSTRUCTION OF 2024 WASTEWATER PROJECT

Section 3.1. The Bonds. The Authority has authorized the issuance of the Bonds pursuant to the Indenture in the aggregate principal amount of _____ dollars (\$_____). The Authority agrees that the proceeds of sale of the Bonds shall be paid to the Trustee on the Closing Date for deposit pursuant to the terms and conditions of the Indenture. The City hereby approves the Indenture, the assignment to the Trustee of the rights of the Authority assigned under and pursuant to the Indenture, and the issuance of the Bonds by the Authority under and pursuant to the Indenture.

Section 3.2. Plans and Specifications for the 2024 Wastewater Project. Before any payment is made for the 2024 Wastewater Project or any component thereof from amounts on deposit in the Project Fund, the City shall have filed with the Authority detailed Plans and Specifications relating thereto. The City may from time to time file amendments to such Plans and Specifications with the Authority, and may thereby change or modify the description of the 2024 Wastewater Project or any component thereof.

Section 3.3. Acquisition and Construction of the 2024 Wastewater Project. The Authority hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the Acquisition and Construction of the 2024 Wastewater Project in accordance with Plans and Specifications, purchase orders, construction contracts and other documents relating thereto and approved by the City pursuant to all applicable requirements of law. Direct payment of the costs of the 2024 Wastewater Project shall be made from amounts on deposit in the Project Fund, pursuant to Section 3.04 of the Indenture. All contracts for, and all work relating to, the Acquisition and Construction of the 2024 Wastewater Project shall be subject to all applicable provisions of law relating to the acquisition and construction of public works by the City. The Authority expects that the Acquisition and Construction of the 2024 Wastewater Project will be completed on or before August 1, 2027; *provided, however*, that the failure to complete the 2024 Wastewater Project by the estimated Completion Date thereof shall not constitute an Event of Default hereunder or a grounds for termination hereof, nor shall such failure result in the diminution, abatement or extinguishment of the obligations of the City hereunder to pay the Installment Payments allocable to such 2024 Wastewater Project.

The City shall have the right from time to time in its sole discretion to amend the description of the 2024 Wastewater Project to be financed and sold by the Authority hereunder.

Upon the completion of the Acquisition and Construction of the 2024 Wastewater Project, but in any event not later than thirty (30) days following such completion, the Authorized Representative of the City shall execute and deliver to the Trustee a Written Certificate which (a) states that the Acquisition and Construction of such 2024 Wastewater Project have been substantially completed; (b) identifies the total cost of the 2024 Wastewater Project; and (c) identifies (i) the amounts, if any, to remain on deposit in the Project Fund for payment of costs of the 2024 Wastewater Project thereafter intended to be requisitioned by the Authority and (ii) the amounts to be transferred to the Bond Fund. Upon the filing with the Trustee of the final Written Requisition for payment of costs of the 2024 Wastewater Project, the Authority shall direct the Trustee to close the Project Fund.

Section 3.4. Grant of Easements. The City hereby grants to the Authority all necessary easements, rights of way and rights of access in and to all real property or interests therein now

or hereafter acquired and owned by the City, as may be necessary or convenient to enable the Authority to acquire, construct and install the 2024 Wastewater Project thereon or thereabouts. The City covenants that it will execute, deliver and record any and all additional documents as may be required to be executed, delivered and recorded to establish such easements, rights of way and rights of access.

Section 3.5. Appointment of City as Agent of Authority. The Authority hereby appoints the City as its agent to carry out all phases of the Acquisition and Construction of the 2024 Wastewater Project pursuant to and in accordance with the provisions hereof. The City hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Authority regarding the Acquisition and Construction of the 2024 Wastewater Project. The Authority, or the City as agent of the Authority hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the Acquisition and Construction of the 2024 Wastewater Project. The City shall submit Written Requisitions of the City to the Trustee from time to time pursuant to and in accordance with the provisions of Section 3.04 of the Indenture for payment, or for reimbursement to the City for payment, of all Project Costs. All contracts for, and all work relating to, the Acquisition and Construction of the 2024 Wastewater Project shall be subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like property by joint powers entities and by municipal corporations.

ARTICLE IV

SALE; INSTALLMENT PAYMENTS

Section 4.1. Sale. The Authority hereby agrees to sell the 2024 Wastewater Project to the City, and the City hereby agrees to purchase the 2024 Wastewater Project from the Authority, upon the terms and conditions set forth in this Installment Sale Agreement.

Section 4.2. Term. The Term of this Installment Sale Agreement shall commence on the Closing Date, and shall end on the date on which the City shall have paid all of the Installment Payments and all other amounts due and payable hereunder and under the Indenture. The provisions of this Section 4.2 are subject in all respects to any other provisions of this Installment Sale Agreement relating to the termination hereof with respect to the 2024 Wastewater Project or any portion thereof.

Section 4.3. Title. Upon the Completion Date of each component of the 2024 Wastewater Project, title to such component shall be deemed conveyed to and vested in the City. The Authority and the City shall execute, deliver and cause to be recorded any and all documents necessary to convey such title to the City.

Section 4.4. Installment Payments.

(a) *Obligation to Pay*. The City agrees to pay to the Authority, its successors and assigns, but solely from the Net Revenues and other funds pledged hereunder, as the purchase price of the 2024 Wastewater Project the aggregate principal amount of _____ dollars (\$ _____), together with interest on the unpaid principal balance, payable in Installment Payments coming due and payable in the respective amounts and on each Installment Payment Date specified in Exhibit A. The Installment Payments shall be paid by the City to the Trustee, as assignee of the Authority pursuant to the Indenture, in the amounts and at the times as set forth in Section 4.5(b).

(b) *Effect of Prepayment*. In the event that the City prepays all remaining Installment Payments in full pursuant to Article IX, the City's obligations under this Installment Sale Agreement shall thereupon cease and terminate, including but not limited to the City's obligation to pay Installment Payments therefor under this Section 4.4; *provided, however*, that the City's obligations to compensate and indemnify the Trustee pursuant to Sections 4.9 and 6.3 shall survive such prepayment. In the event that the City prepays the Installment Payments in part but not in whole pursuant to Section 9.2, the principal component of each succeeding Installment Payment shall be reduced as provided in such Sections, and the interest component of each remaining Installment Payment shall be reduced by the aggregate corresponding amount of interest which would otherwise be payable on the Bonds thereby redeemed pursuant to the applicable provisions of Section 4.01 of the Indenture.

(c) *Rate on Overdue Payments*. In the event the City should fail to make any of the payments required in this Section 4.4 and Section 4.10, the payment in default shall continue as an obligation of the City until the amount in default shall have been fully paid, and the City agrees to pay the same with interest thereon, from the date of default to the date of payment, at the rate of ten percent (10%) per annum.

(d) *Assignment*. The City understands and agrees that all Installment Payments have been assigned by the Authority to the Trustee in trust, pursuant to the Indenture, for the benefit of the Owners of the Bonds, and the City hereby assents to such assignment. The Authority

hereby directs the City, and the City hereby agrees, to pay to the Trustee at its Trust Office, all amounts payable by the City pursuant to this Section 4.4 and all amounts payable by the City pursuant to Article IX.

Section 4.5. Application of Gross Revenues; Pledge and Application of Net Revenues.

(a) *Deposits Into Wastewater Fund; Transfers to Make Installment Payments.* All of the Gross Revenues shall be deposited by the City immediately upon receipt in the Wastewater Fund.

Upon receipt of Gross Revenues, the City shall segregate such amounts as shall be estimated to be required to pay all Operation and Maintenance Costs for the period beginning on such date and ending on the next anticipated date of receipt of Gross Revenues. Amounts remaining on deposit in the Wastewater Fund shall be the Net Revenues.

The City covenants and agrees that all Net Revenues will be held by the City in the Wastewater Fund in trust for the benefit of the Trustee (as assignee of the rights of the Authority hereunder) and the Bond Owners, and for the benefit of the owners of any Parity Obligations.

(b) *Pledge of Net Revenues; Transfers.* All of the Net Revenues are hereby irrevocably pledged, charged and assigned to the punctual payment of the Installment Payments and all Parity Obligations and, except as otherwise provided herein, the Net Revenues shall not be used for any other purpose so long as any of the Installment Payments remain unpaid. Such pledge, charge and assignment shall constitute a first lien on the Net Revenues for the payment of the Installment Payments and all Parity Obligations in accordance with the terms hereof.

On or before each Installment Payment Date, commencing March 15, 2025, the City shall withdraw from the Wastewater Fund:

(i) and transfer to the Trustee for deposit in the Bond Fund (and transfer on a parity to such similar funds or accounts established for the payment of Parity Obligations such amounts as are required for the payment thereof), an amount (other than amounts resulting from the prepayment of the Installment Payments pursuant to Article IX and other than amounts required for payment of principal of or interest on any Bonds which have matured or been called for redemption but which have not been presented for payment), equal to the interest component of the Installment Payment coming due and payable on the next succeeding Interest Payment Date, and the principal component of the Installment Payment coming due and payable on the next succeeding principal payment date, if any, provided that any amounts on deposit in the Bond Fund representing capitalized interest or on deposit in a similar fund created with respect to Parity Obligations, shall be credited against the City's obligation to make such deposits or transfers therein,

(ii) and transfer to the Trustee for deposit in the Reserve Fund (and transfer on a parity to such similar funds or accounts established as reserve funds with respect to Parity Obligations such amounts as are required for the replenishment thereof), the amount, if any, required to increase the amount on deposit in the Reserve Fund to the Reserve Requirement and (including amounts due under the Reserve Policy),

(iii) and pay all other amounts, including Additional Payments, when and as due and payable under this Installment Sale Agreement and under any agreements relating to Parity Obligations, and

(iv) and pay all amounts when and as due and payable with respect to any Subordinate Debt.

(c) *Release from Lien.* Following the transfers described in paragraph (b) of this Section 4.5, excess Net Revenues shall be released from the lien of this Installment Sale Agreement and shall be available for any lawful purpose of the City.

Section 4.6. Special Obligation of the City; Obligations Absolute. The City's obligation to pay the Installment Payments, the Additional Payments, any other amounts coming due and payable hereunder and payments with respect to Parity Obligations shall be a special obligation of the City limited solely to the Net Revenues. Under no circumstances shall the City be required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, the Additional Payments or payments with respect to Parity Obligations, nor shall any other funds or property of the City be liable for the payment of the Installment Payments, the Additional Payments or payments with respect to Parity Obligations and any other amounts coming due and payable hereunder.

The obligations of the City to make the Installment Payments, the Additional Payments and payments with respect to Parity Obligations from the Net Revenues and to perform and observe the other agreements contained herein and under agreements with respect to Parity Obligations shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the City, the Authority or the Trustee of any obligation to the City or otherwise with respect to the Wastewater System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the City by the Authority or the Trustee. Until such time as all of the Installment Payments, all of the Additional Payments and all other amounts coming due and payable hereunder shall have been fully paid or prepaid, the City (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments, payments with respect to Parity Obligations or such other amounts, (b) will perform and observe all other agreements contained in this Installment Sale Agreement and under any agreements with respect to Parity Obligations, and (c) will not terminate the Term of this Installment Sale Agreement or such agreements with respect to Parity Obligations for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Wastewater System, failure to complete the Acquisition and Construction of the 2024 Wastewater Project by the estimated Completion Date thereof, sale of the Wastewater System, the taking by eminent domain of title to or temporary use of any component of the Wastewater System, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Authority or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, this Installment Sale Agreement or agreements with respect to Parity Obligations.

Nothing contained in this Section 4.6 shall be construed to release the Authority or the Trustee from the performance of any of the agreements on its part contained herein or in the Indenture, and in the event the Authority or the Trustee shall fail to perform any such agreements, the City may institute such action against the Authority or the Trustee as the City may deem necessary to compel performance so long as such action does not abrogate the obligations of the City contained in the preceding paragraph. The City may, however, at the City's own cost and expense and in the City's own name or in the name of the Authority prosecute or defend any action or proceeding or take any other action involving third persons which the City deems reasonably necessary in order to secure or protect the City's rights

hereunder, and in such event the Authority hereby agrees to cooperate fully with the City and to take such action necessary to effect the substitution of the City for the Authority in such action or proceeding if the City shall so request.

Section 4.7. Rate Covenant.

(a) The City hereby covenants that it shall fix, prescribe and collect rates, fees and charges for the services and facilities of the Wastewater System for each Fiscal Year, which after allowances for contingencies and error in the estimates, shall produce Gross Revenues at least sufficient to pay the following amounts during such Fiscal Year:

(i) All current Operation and Maintenance Costs;

(ii) The Installment Payments and all payments required with respect to other Parity Obligations;

(iii) All payments required with respect to all Subordinate Debt;

(iv) All payments required for compliance with the terms of the Indenture and hereof, including amounts required to replenish the Reserve Account;

(v) All payments to meet any other obligations of the City which are charges, liens or encumbrances upon, or payable from, the Gross Revenues; and

(vi) any other lawful purposes of the Authority, including, but not limited to, deposits to the Rate Stabilization Fund in accordance with paragraph (c) of this Section 4.7.

(b) In addition to the requirements of the foregoing subsection (a) of this Section 4.7, the City hereby covenants that it shall fix, prescribe and collect rates, fees and charges for the services and facilities of the Wastewater System for each Fiscal Year so as to yield Net Revenues during such Fiscal Year equal to at least 1.25 times the Installment Payments and all payments required with respect to all Parity Obligations in such Fiscal Year.

The City may make or permit to be made adjustments from time to time in such rates, fees and charges and may make or permit to be made such classification thereof as it deems necessary, but shall not reduce or permit to be reduced such rates, fees and charges below those then in effect unless the Gross Revenues from such reduced rates, fees and charges will at all times be sufficient to meet the requirements of this Section 4.7.

(c) The "Rate Stabilization Fund," previously held and maintained by the City is hereby continued. The Rate Stabilization Fund is not pledged to secure payment of the Installment Payments. Amounts in the Rate Stabilization Fund shall be applied solely for the uses and purposes set forth in this subsection (c). The City shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available therefor; provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year.

For the purpose of computing the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the City shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the Wastewater Fund, such transfers to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year. In addition, the

City shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose.

Notwithstanding the foregoing, amounts on deposit in the Rate Stabilization Fund and transferred to the Wastewater Fund shall be accounted separately from all other amounts deposited in the Wastewater Fund and, if such amounts shall become available to the City in accordance with subparagraph (vi) of paragraph (a) of this Section 4.7, such amounts may not again be deposited in the Rate Stabilization Fund.

Section 4.8. Limitations on Future Obligations Secured by Net Revenues.

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

(b) *Parity Obligations.* The City further covenants that it will not issue or incur any Parity Obligations unless:

(i) The City is not in default under the terms of this Installment Sale Agreement or any agreements relating to then existing Parity Obligations;

(ii) (A) Net Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest Fiscal Year or any twelve (12) month period out of the most recent eighteen months selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which such Parity Obligations are authorized to be issued or incurred, as shown by the books of the City, shall have amounted to at least 1.25 times the maximum amount of Installment Payments and debt service on all Parity Obligations outstanding immediately subsequent to the incurring of such additional obligations coming due and payable in any future Fiscal Year.

Either or both of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii)(A):

(1) An allowance for revenues to be derived from any additions to or improvements or extensions of the Wastewater System which, during all or any part of such Fiscal Year or the twelve (12) month period out of the most recent eighteen months selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which such Parity Obligations are authorized to be issued or incurred, were not in service, in an amount equal to 100% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions, all as shown by the certificate or opinion of a qualified independent consultant employed by the City.

(2) An allowance for any increase in the charges made for service from the Wastewater System which has become effective prior to the incurring of such Parity Obligations but which, during all or any part of such Fiscal Year or the twelve (12) month period out of the most recent eighteen months selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which such

Parity Obligations are authorized to be issued or incurred, was not in effect, in an amount equal to 100% of the amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or the twelve (12) month period out of the most recent eighteen months selected by the City ending not more than sixty (60) days prior to the adoption of the resolution pursuant to which such Parity Obligations are authorized to be issued or incurred, as shown by the certificate or opinion of a qualified independent consultant employed by the City;

or

(B) Estimated Net Revenues, based on a report of a qualified independent engineer employed by the City or a report of a qualified independent consultant employed by the City, for each of the five (5) Fiscal Years next following the earlier of (i) the end of the period during which interest on the Parity Obligations proposed to be executed is to be capitalized or, if no interest is capitalized the Fiscal Year in which the proposed Parity Obligations are to be issued, or (ii) the date on which substantially all projects financed with the proposed Parity Obligations are expected to commence operations, shall have amounted to at least 1.25 times the maximum amount of Installment Payments and debt service on all Parity Obligations outstanding immediately subsequent to the incurring of such additional obligations coming due and payable in any future Fiscal Year. If employing this option, the City must demonstrate that, at the time of such incurrence, Net Revenues for the most recent Fiscal Year, or other more recent twelve month period, were at least equal to 1.25 times the maximum amount of Installment Payments and the maximum amount of debt service on any then outstanding Parity Obligations.

Any or all of the following items may be added to such Net Revenues for the purpose of applying the restriction contained in this subsection (b)(ii)(B):

(1) An allowance for revenues that are estimated to be derived from any increase in the rates, fees and charges in effect and being charged or from any increase in the rates, fees and charges that have been approved but are not yet in place; and

(2) An allowance for revenues that are estimated to be derived from customers of the Wastewater System anticipated to be served by the additions, betterments or improvements to the Wastewater System to be financed by the proposed Parity Obligation during such five year period; and

(3) An allowance for a reduction in expenses that are estimated to be realized by the City pursuant to a contractual guarantee from the provider of energy efficiency improvements during such five year period.

(iii) A reserve fund may, but shall not be required to be, funded for such Parity Obligations.

(iv) Interest with respect to such Parity Obligations shall be paid on the Installment Payment Dates.

(v) Principal with respect to such Parity Obligations shall be paid on March 15.

Notwithstanding the foregoing provisions, there shall be no limitations on the ability of the City to issue or incur Parity Obligations at any time to refund the Installment Payments or Parity Obligations for debt service savings.

(c) *Subordinate Debt.* There shall be no limitations on the ability of the City to issue or incur Subordinate Debt so long as the City is not in default under the terms of this Installment Sale Agreement, any agreements relating to then existing Parity Obligations or any agreement relating to then existing Subordinate Debt; provided, that, Subordinate Debt shall not be accelerated without the prior written consent of the Municipal Bond Insurer.

(d) *Calculating Debt Service on Variable Rate Debt.* For all purposes of Sections 4.7 and 4.8, variable rate indebtedness shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and binding); (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation; or (iii) (A) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published *Bond Buyer "Revenue Bond Index"* (or comparable index if no longer published), or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 basis points; *provided, however,* that for purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period; provided, further that, so long as any Bonds remain outstanding or any amounts are owed to the Municipal Bond Insurer, the City shall not issue or incur indebtedness payable from or secured in whole or in part by the Net Revenues that (i) bears interest at other than fixed rates or (ii) permits the holder to tender such indebtedness for purchase prior to the stated maturity thereof, in either case without the prior written consent of the Municipal Bond Insurer.

(e) *Calculating Debt Service on Swaps.* If any interest rate swap agreement under which the City is obligated to make payments based on a fixed interest rate is in place with respect to variable rate Parity Obligations, the amount payable by the City with respect to such variable rate Parity Obligations shall be assumed to be the fixed rate payable under such interest rate swap agreement; provided, that, so long as any Bonds insured by the Municipal Bond Insurer remain outstanding or any amounts are owed to the Municipal Bond Insurer, the City shall not enter into any interest rate exchange agreement, cap, collar, floor ceiling or other agreement or instrument involving reciprocal payment obligations between the City and a counterparty based on interest rates applied to a notional amount of principal, without the prior written consent of the Municipal Bond Insurer.

Section 4.9. Additional Payments. In addition to the Installment Payments, the City shall pay when due all costs and expenses incurred by the Authority to comply with the provisions of the Indenture, including without limitation all Costs of Issuance (to the extent not paid from amounts on deposit in the Costs of Issuance Fund or the Project Fund), and shall pay to the Trustee upon request therefor all compensation for fees due to the Trustee and all of its costs and expenses payable as a result of the performance of and compliance with its duties hereunder or under the Indenture or any related documents, together with all amounts required to indemnify the Trustee pursuant to Section 6.3 hereof or Section 8.12 of the Indenture, and all costs and expenses of attorneys, auditors, engineers and accountants. The City shall also pay to the Municipal Bond Insurer as Additional Payments (i) all Reserve Policy Costs not paid as an Installment Payment pursuant to Section 5.06 of the Indenture, all interest on Municipal Bond Insurer Advances pursuant to Section 11.06 of the Indenture and (iii) all amounts required to

indemnify the Municipal Bond Insurer pursuant to Section 11.07 of the Indenture. The rights of the Trustee and the obligations of the City under this Section 4.9 shall survive the termination of this Installment Sale Agreement and any resignation or removal of the Trustee.

Section 4.10. Payments to Reserve Account. In addition to the Installment Payments, the City shall pay to the Trustee, from Net Revenues, such amounts as shall be required to replenish the Reserve Account in the event of a draw therefrom or a valuation determines that a deficiency exists therein, all in accordance with the Indenture.

Section 4.11. Payment of Rebatable Amounts. The City agrees to furnish all information to, and cooperate fully with, the Authority and its officers, employees, agents and attorneys, in order to assure compliance with the provisions of Section 6.07(b) of the Indenture. In the event that the Authority shall determine, pursuant to Section 6.07(b) of the Indenture, that any amounts are due and payable to the United States of America thereunder and that neither the Authority nor the Trustee has on deposit an amount of available moneys (excluding moneys on deposit in the funds and accounts established for the payment of the principal of or interest or redemption premium, if any, on the Bonds) to make such payment, the Authority shall promptly notify the City of such fact. Upon receipt of any such notice, the City shall promptly pay to the Trustee from any source of legally available funds, the amounts determined by the Authority to be due and payable to the United States of America under such Section 6.07(b).

ARTICLE V

MAINTENANCE, TAXES, INSURANCE AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Installment Sale Agreement, all improvement, repair and maintenance of the Wastewater System shall be the responsibility of the City, and the City shall pay for or otherwise arrange for the payment of all utility services supplied to the Wastewater System, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Wastewater System resulting from ordinary wear and tear.

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

The City may, at the City's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority shall notify the City that, in its opinion, by nonpayment of any such items, the interest of the Authority hereunder or under the Indenture will be materially adversely affected, in which event the City shall promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority.

Section 5.2. Operation of Wastewater System. The City covenants and agrees to operate or cause to be operated the Wastewater System in an efficient and economical manner and to operate, maintain and preserve or caused to be operated, maintained and preserved the Wastewater System in good repair and working order. The City covenants that, in order to fully preserve and protect the priority and security of the Bonds, the City shall pay from the Gross Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Wastewater System which, if unpaid, may become a lien or charge upon the Gross Revenues or the Net Revenues prior or superior to the lien granted hereunder, or which may otherwise impair the ability of the City to pay the Installment Payments in accordance herewith.

Section 5.3. Insurance. The City shall maintain or cause to be maintained, throughout the Term of this Installment Sale Agreement, but only if and to the extent available at reasonable cost from reputable insurers, liability and casualty insurance in such amounts and against such risks as shall be appropriate for water systems of like size and with similar facilities as the Wastewater System. Such insurance may be maintained as part of or in conjunction with any other insurance carried by the City and may be maintained in whole or in part in the form of self-insurance by the City or in the form of the participation by the City in a joint powers agency or other program providing pooled insurance. All amounts collected from insurance against accident to or destruction of any portion of the Wastewater System shall be used to repair, rebuild or replace such damaged or destroyed portion of the Wastewater System. The proceeds of liability insurance shall be applied toward the extinguishment or satisfaction of the liability with respect to which such proceeds shall have been paid.

Section 5.4. Eminent Domain. Any amounts received as awards as a result of the taking of all or any part of the Wastewater System by the lawful exercise of eminent domain, at the election of the City (evidenced by a Written Certificate of the City filed with the Trustee and the Authority) shall either (a) be used for the acquisition or construction of improvements and extension of the Wastewater System in replacement of the condemned portions thereof, or (b) applied as a credit against the City's obligation to make the Installment Payments and payments with respect to any Parity Obligations in accordance with written instructions of the City filed with the Trustee.

Section 5.5. Records and Accounts. The City shall keep proper books of record and accounts of the Wastewater System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Wastewater System. Said books shall, upon prior request, be subject to the reasonable inspection by the Owners of not less than ten percent (10%) in aggregate principal amount of the Outstanding Bonds, or their representatives authorized in writing. The City shall cause the books and accounts of the Wastewater System to be audited annually by an Independent Accountant, not more than two hundred seventy (270) days after the close of each Fiscal Year, and shall make a copy of such report available for inspection by the Bond Owners at the office of the City and the Municipal Bond Insurer. Simultaneously with the delivery of the audited financial statements, the City shall also provide the Municipal Bond Insurer with (i) a certification of the City stating that it is not aware of any default or Event of Default under this Installment Sale Agreement, and (ii) the Wastewater System's annual budget.

Section 5.6. Continuing Disclosure. The City hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance by the City of its obligations under this Section 5.6, including seeking mandate or specific performance by court order.

Section 5.7. Incorporation by Reference. The City hereby covenants and agrees that it shall fully observe, perform, and fulfill each of the provisions (as each of those provisions may be amended, supplemented, modified or waived with the prior written consent of the Municipal Bond Insurer) of the Indenture applicable to it, each of the provisions thereof being expressly incorporated into this Section 5.7 by reference solely for the benefit of the Municipal Bond Insurer as if set forth directly herein.

ARTICLE VI

DISCLAIMER OF WARRANTIES; ACCESS

Section 6.1. Disclaimer of Warranties. The Authority and the Trustee make no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the City of the Wastewater System and the 2024 Wastewater Project, or any other representation or warranty with respect to the 2024 Wastewater Project. In no event shall the Authority or the Trustee be liable for incidental, indirect, special or consequential damages in connection with or arising out of this Installment Sale Agreement or the Indenture for the existence, furnishing, functioning or City's use of the Wastewater System and the 2024 Wastewater Project.

Section 6.2. Access to the Wastewater System. The City agrees that the Authority and the Trustee, and any duly authorized representative thereof, shall have the right at all reasonable times to enter upon and to examine and inspect the Wastewater System. The City further agrees that the Authority and the Trustee, and any duly authorized representative thereof, shall have such rights of access to the Wastewater System as may be reasonably necessary to cause the proper maintenance of the Wastewater System in the event of failure by the City to perform its obligations hereunder.

Section 6.3. Release and Indemnification Covenants. The City shall and hereby agrees to indemnify and save the Authority and the Trustee and their respective officers, agents, successors and assigns harmless from and against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Wastewater System by the City, (b) any breach or default on the part of the City in the performance of any of its obligations under this Installment Sale Agreement, (c) any negligence or willful misconduct of the City or of any of its agents, contractors, servants, employees or licensees with respect to the Wastewater System, (d) any act or negligence of any sublessee of the City with respect to the Wastewater System, (e) the Acquisition and Construction of the 2024 Wastewater Project or the authorization of payment of the 2024 Wastewater Project Costs, (f) the performance by the Trustee of its duties and obligations hereunder and under the Indenture, including any duties referred to in Section 8.12 of the Indenture, (g) the presence on, under or about, or release from, the Wastewater System of any substance, material or waste which is, or which becomes, regulated or classified as hazardous or toxic under State, federal or local law, or (h) the offer, sale and issuance of the Bonds. No indemnification is made under this Section 6.3 or elsewhere in this Installment Sale Agreement for adjudicated willful misconduct or negligence by the Authority or the Trustee, or their respective officers, employees, successors or assigns. The rights of the Trustee and the obligations of the City under this Section 6.3 shall survive the termination of this Installment Sale Agreement and the resignation or removal of the Trustee.

Section 6.4. Non-Liability of Authority for Wastewater System Obligations. The Authority and its successor and assigns shall have no obligation and shall incur no liabilities or debts whatsoever for the obligations, liabilities and debts of the City incurred in connection with the Wastewater System.

ARTICLE VII

ASSIGNMENT, SALE AND AMENDMENT

Section 7.1. Assignment by the City. The obligations of the City under this Installment Sale Agreement may not be assigned by the City.

Section 7.2. Sale or Other Disposition of Wastewater System. Except as provided herein, the City covenants that the Wastewater System shall not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole; *provided, however*, the City may lease the Wastewater System to a related public entity that (a) assumes all liabilities of the City with respect to the Wastewater System, and (b) covenants to maintain Gross Revenues sufficient to operate and maintain the Wastewater System and duly provide for the punctual payment of all obligations assumed by such related public entity in connection with such lease including, but not limited to, the Installment Payments hereunder. Neither the Net Revenues nor any other funds pledged or otherwise made available to secure payment of the Installment Payments shall be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed or used except as authorized by the terms of this Installment Sale Agreement. The City shall not enter into any agreement which impairs the operation of the Wastewater System or any part of it necessary to secure adequate Net Revenues to pay the Installment Payments, or which otherwise would impair the rights of the Bond Owners and the owners of any Parity Obligations with respect to the Net Revenues. If any substantial part of the Wastewater System shall be sold, the payment therefor shall either (a) be used for the acquisition or construction of improvements, extensions or replacements of Wastewater System, or (b) to the extent not so used, be paid to the Trustee to be applied to prepay the Installment Payments or any Parity Obligations, in accordance with written instructions of the City filed with the Trustee.

Section 7.3. Amendment of Installment Sale Agreement. The City and the Authority shall have the right to modify or amend this Installment Sale Agreement, with the prior written consent of the Municipal Bond Insurer, but without the consent of any of the Bond Owners or any of the owners of Parity Obligations, but only if such amendment or modification does not cause interest represented by the Bonds to be includable in gross income for federal income tax purposes in the opinion of Bond Counsel, and only if such amendment or modification does not materially adversely affect the interests of the Owners of the Bonds or the owners of any Parity Obligations in the opinion of Bond Counsel, and only if such amendment or modification is for any one or more of the following purposes:

- (a) to provide for the issuance of Parity Obligations pursuant to Section 4.8;
- (b) to add to the covenants and agreements of the City contained in this Installment Sale Agreement, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;
- (c) to cure any ambiguity, or to cure, correct or supplement any defective provision contained herein, or in any other respect whatsoever as the Authority and the City may deem necessary or desirable; or
- (d) to amend any provision thereof for the purpose of complying with the applicable requirements of the Tax Code.

ARTICLE VIII

EVENTS OF DEFAULT

Section 8.1. Events of Default Defined. The following events shall be Events of Default hereunder:

(a) Failure by the City to pay any Installment Payment when and as the same become due and payable hereunder.

(b) Failure by the City to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of ten (10) days.

(c) Failure by the City to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in the preceding clauses (a) or (b), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the City by the Authority or the Trustee; *provided, however*, that if the City shall notify the Authority and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such thirty (30) day period, such failure shall not constitute an Event of Default hereunder if the City shall commence to cure such failure within such thirty (30) day period and thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The filing by the City of a voluntary petition in bankruptcy, or failure by the City promptly to lift any execution, garnishment or attachment, or adjudication of the City as a bankrupt, or assignment by the City for the benefit of creditors, or the entry by the City into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the City in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted.

(e) The occurrence and continuation of any payment event of default under and as defined in the instruments authorizing the issuance of any Parity Obligations.

Section 8.2. Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the Trustee as assignee of the Authority shall have the right, at its option and without any further demand or notice, but subject in all respects to the provisions of Article VII of the Indenture, to:

(a) declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the net effective rate of interest per annum then borne by the Outstanding Bonds from the immediately preceding Interest Payment Date on which payment was made, to be immediately due and payable, whereupon the same shall immediately become due and payable;

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

(c) as a matter of right, in connection with the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and the Bond Owners hereunder, cause

the appointment of a receiver or receivers of the Gross Revenues and other amounts pledged hereunder, with such powers as the court making such appointment shall confer.

The provisions of the preceding clause (a), however, are subject to the condition that if, at any time after the principal components of the unpaid Installment Payments shall have been so declared due and payable pursuant to the preceding clause (a), and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all principal components of the Installment Payments coming due prior to such declaration and all matured interest components (if any) of the Installment Payments, with interest on such overdue principal and interest components calculated at the net effective rate of interest per annum then borne by the Outstanding Bonds, and the reasonable expenses of the Trustee (including any fees and expenses of its attorneys), and any and all other defaults known to the Trustee (other than in the payment of the principal and interest components of the Installment Payments due and payable solely by reason of such declaration) shall have been made good, then, and in every such case, the Authority, with the written consent of the Trustee, shall rescind and annul such declaration and its consequences. However, 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. As provided in Section 8.6, the Trustee shall be required to exercise the remedies provided herein in accordance with the Indenture.

Section 8.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Installment Sale Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Authority to exercise any remedy reserved to it in this Article VIII it shall not be necessary to give any notice, other than such notice as may be required in this Article VIII or by law.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event either party to this Installment Sale Agreement shall default under any of the provisions hereof and the nondefaulting party, the Trustee or the Owner of any Bonds should employ attorneys or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the nondefaulting party, the Trustee or such Owner, as the case may be, the reasonable fees of such attorneys and such other expenses so incurred.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Installment Sale Agreement shall be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 8.6. Trustee and Bond Owners to Exercise Rights. Such rights and remedies as are given to the Authority under this Article VIII have been assigned by the Authority to the Trustee under the Indenture, to which assignment the City hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Bonds as provided in the Indenture.

Section 8.7. Rights of the Owners of Parity Obligations. Notwithstanding anything in this Article VIII to the contrary, it is hereby acknowledged and agreed that the rights of the

Trustee and the Bond Owners hereunder in and to the Net Revenues and the Wastewater System shall be exercised on a parity and proportionate basis with the rights of the owners of any Parity Obligations and any fiduciary acting for the benefit of such owners. The provisions of this Article VIII, and the provisions of any instruments authorizing the issuance of any Parity Obligations, shall be construed in accordance with the foregoing sentence.

ARTICLE IX

PREPAYMENT OF INSTALLMENT PAYMENTS

Section 9.1. Security Deposit. Notwithstanding any other provision of this Installment Sale Agreement, the City may on any date secure the payment of Installment Payments in whole or in part by irrevocably depositing with the Trustee or any other fiduciary an amount of cash which, together with amounts on deposit in the Bond Fund, the accounts therein and the cash on deposit in the Reserve Account, is either (a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, in accordance with the Installment Payment schedule set forth in Exhibit A, or (b) invested in whole or in part in Federal Securities in such amount as will, in the written opinion of an Independent Accountant, together with interest to accrue thereon and together with any cash which is so deposited, be fully sufficient to pay all such Installment Payments when due pursuant to Section 4.4(a) or when due on any optional prepayment date pursuant to Section 9.2, as the City shall instruct at the time of said deposit. In the event of a security deposit pursuant to this Section 9.1 with respect to all of the Installment Payments, all obligations of the City under this Installment Sale Agreement, and all security provided by this Installment Sale Agreement for said obligations, shall cease and terminate, excepting only the obligation of the City to make, or cause to be made, all of such Installment Payments from such security deposit, and the obligation of the City to compensate and indemnify the Trustee pursuant to Sections 4.9 and 6.3. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Installment Payments in accordance with the provisions of this Installment Sale Agreement.

Section 9.2. Optional Prepayment. The City may exercise its option to prepay the principal components of the Installment Payments in whole, or in part in integral multiples of \$5,000, on any date on or after March 15, ____, by paying a prepayment price equal to the aggregate principal components of the Installment Payments to be prepaid, together with the interest component of the Installment Payment required to be paid on or accrued to such date. Such prepayment price shall be deposited by the Trustee in the Redemption Fund or in another trustee-held fund to be applied to the redemption of Bonds pursuant to Section 4.01(b) of the Indenture. The City shall give the Trustee written notice of its intention to exercise its option not less than forty-five (45) days in advance of the date of exercise.

Section 9.3. Credit for Amounts on Deposit. In the event of prepayment of the principal components of the Installment Payments in full under this Article IX, such that the Indenture shall be discharged by its terms as a result of such prepayment, and upon payment in full of all Additional Payments and other amounts then due and payable hereunder, all available amounts then on deposit in the funds and accounts established under the Indenture shall be credited towards the amounts then required to be so prepaid.

ARTICLE X
MISCELLANEOUS

Section 10.1. Further Assurances. The City agrees that it will execute and deliver any and all such further agreements, instruments, financing statements or other assurances as may be reasonably necessary or requested by the Authority or the Trustee to carry out the intention or to facilitate the performance of this Installment Sale Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created.

Section 10.2. Notices. Any notice, request, complaint, demand or other communication under this Installment Sale Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by telecopy, telex or other form of telecommunication, at its number set forth below. Notice shall be effective either (a) upon transmission by telecopy, telex or other form of telecommunication, (b) 48 hours after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt.

If to the Authority:	Coalinga Public Financing Authority c/o City of Coalinga 155 West Durian Coalinga, CA 93210 Attention: Financial Services Director Phone: (559) 935-1533 x129
If to the City:	City of Coalinga 155 West Durian Coalinga, CA 93210 Attention: Financial Services Director Phone: (559) 935-1533 x129
If to the Trustee:	Computershare Trust Company, N.A. CTO Mail Operations 1505 Energy Park Drive St. Paul, MN 55108 Attention: Mataka Mposa Phone: (612) 448-7816
If to the Municipal Bond Insurer:	See Section 11.01 of the Indenture

The Authority, the City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

Section 10.3. Third Party Beneficiaries. The Trustee and the Municipal Bond Insurer shall each be and each is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

Section 10.4. Governing Law. This Installment Sale Agreement shall be construed in accordance with and governed by the laws of the State.

Section 10.5. Binding Effect. This Installment Sale Agreement shall inure to the benefit of and shall be binding upon the Authority and the City, and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 10.6. Severability of Invalid Provisions. If any one or more of the provisions contained in this Installment Sale Agreement 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 this Installment Sale Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Installment Sale Agreement, and this Installment Sale Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority and the City each hereby declares that it would have entered into this Installment Sale Agreement and each and every other Section, paragraph, sentence, clause or phrase hereof irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Installment Sale Agreement may be held illegal, invalid or unenforceable.

Section 10.7. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Installment Sale Agreement. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Installment Sale Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Installment Sale Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 10.8. Execution of Counterparts. This Installment Sale Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall together constitute but one and the same instrument.

Section 10.9. Waiver of Personal Liability. No member of the City Council, officer, agent or employee of the City shall be individually or personally liable for the payment of Installment Payments or Additional Payments or be subject to any personal liability or accountability by reason of this Installment Sale Agreement; but nothing herein contained shall relieve any such member of the City Council, officer, agent or employee from the performance of any official duty provided by law or by this Installment Sale Agreement.

Section 10.10. Limitation of Rights to Parties and Bond Owners. Nothing in this Installment Sale Agreement expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the City and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of this Installment Sale Agreement or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the City and the Owners of the Bonds.

Section 10.11. Captions. The captions or headings in this Installment Sale Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Installment Sale Agreement.

IN WITNESS WHEREOF, the Authority and the City have caused this Installment Sale Agreement to be executed in their respective names by their duly authorized officers, all as of the date first above written.

COALINGA PUBLIC FINANCING
AUTHORITY, as Purchaser

By _____
Marissa Trejo,
Executive Director

CITY OF COALINGA, as Seller

By _____
Marissa Trejo,
City Manager

EXHIBIT A

SCHEDULE OF INSTALLMENT PAYMENTS

<u>Installment Payment Date</u>	<u>Principal Component</u>	<u>Interest Component</u>	<u>Total</u>
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Total	<u> </u>	<u> </u>	<u> </u>
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EXHIBIT B

DESCRIPTION OF THE 2024 WATER PROJECT

The 2024 Wastewater Project includes, but is not limited to, the installation of a solar photovoltaic (PV) system which will generate electricity through the conversion of solar energy.