SOUTH TAHOE PUBLIC UTILITY DISTRICT

REGULAR BOARD MEETING AGENDA

Thursday, December 3, 2026 - 2:00 p.m.
District Board Room
1275 Meadow Crest Drive, South Lake Tahoe, California

BOARD MEMBERS

Joel Henderson, Director
Nick Haven, Vice President
Shane Romsos, President
Kelly Sheehan, Director
Nick Exline, Director

Paul Peschel, Interim General Manager
Andrea Salazar, Chief Financial Officer

1. **CALL TO ORDER REGULAR MEETING – PLEDGE OF ALLEGIANCE** (At this time, please silence phones and other electronic devices so as not to disrupt the business of the meeting.)

2. **ADMINISTER OATHS OF OFFICE**
   (Terms Commence December 4, 2026 at Noon)
   Shane Romsos, Director
   Nick Haven, Director
   Nick Exline, Director

3. **COMMENTS FROM THE PUBLIC** (This is an opportunity for members of the public to address the Board on any short non-agenda items that are within the subject matter jurisdiction of the District. No discussion or action can be taken on matters not listed on the agenda, per the Brown Act. Each member of the public who wishes to comment shall be allotted five minutes, subject to modification by the Board President.)

4. **CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR** (For purposes of the Brown Act, all Action and Consent items listed give a brief description of each item of business to be transacted or discussed. Recommendations of the staff, as shown, do not prevent the Board from taking other action.)

5. **ADOPTION OF CONSENT CALENDAR** (Any item can be removed to be discussed and considered separately upon request. Comments and questions from members of the public, staff or Board can be taken when the comment does not necessitate separate action.)

6. **CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION**

7. **ITEMS FOR BOARD ACTION**

   a. 2026 Certificates of Participation
   (Andrea Salazar, Chief Financial Officer)
   Approve Resolution No. 3351-26, a Resolution of the Board of Directors of the South Tahoe Public Utility District authorizing the execution, delivery and sale of Water Revenue Certificates of Participation to finance capital improvement projects and approving related documents and actions not to exceed $16 million maximum principal amount.

   b. Election of Board Officers
   (Melonie Guttry, Executive Services Manager/Board Clerk)
   Elect a Board President for 2027 Calendar Year.

c. Election of Board Officers
(Melonie Guttry, Executive Services Manager/Board Clerk)
Elect a Board Vice President for 2027 Calendar Year.

8. **STANDING AND AD-HOC COMMITTEES AND LIAISON REPORTS** (Discussions may take place; however, no action will be taken.)

9. **BOARD MEMBER REPORTS** (Discussions may take place; however, no action will be taken.)

10. **STAFF/ATTORNEY REPORTS** (Discussions may take place; however, no action will be taken.)
a. Municipal Information Systems Association of California (MISAC) Award (Chris Skelly, IT Manager and MISAC State Board President)
b. Sustainable Groundwater Management Act Update (Mark Seelos, Water Resource Manager)

11. **GENERAL MANAGER REPORT** (Discussion may take place; however, no action will be taken.)

12. **NOTICE OF PAST AND FUTURE MEETINGS/EVENTS**

Past Meetings/Events
11/19/2026 – 2:00 p.m. Regular Board Meeting at the District
11/26/2026 and 11/27/2026 – Thanksgiving Holiday District Offices Closed

Future Meetings/Events
12/08/2026 – 3:30 p.m. Operations Committee Meeting at the District
12/09/2026 – 10:00 a.m. El Dorado Water Agency Meeting in Placerville
12/15/2026 – 12:00 p.m. Senate Bill 827 Fiscal and Financial Training at the District
12/17/2026 - 2:00 p.m. Regular Board Meeting at the District

13. **ITEMS FOR CLOSED SESSION** (The Board will adjourn to Closed Session to discuss items identified below. Closed Session is not open to the public; however, an opportunity will be provided at this time if members of the public would like to comment on any item listed – three minute limit, subject to modification by the Board President.)

a. Pursuant to Section 54956.9(d)(1) of the California Government code, Closed Session may be held for conference with legal counsel regarding existing litigation: Yolo County Superior Court Case CV 2021-1686, Alpine County vs. South Tahoe Public Utility District; et al.

b. Pursuant to Section 54956.9(d)(2) of the California Government Code, Closed Session may be held for conference with legal counsel regarding potential litigation (one case).

ADJOURNMENT (The next Regular Board Meeting is Thursday, December 17, 2026, at 2:00 p.m.)

The South Tahoe Public Utility District Board of Directors regularly meets the first and third Thursday of each month. A complete Agenda packet is available for review at the meeting and at the District office during the hours of 8:00 a.m. and 5:00 p.m., Monday through Friday. A recording of the meeting is retained for 30 days after Minutes of the meeting have been approved. Items on the Agenda are numbered for identification purposes only and will not necessarily be considered in the order in which they appear. Designated times are for particular items only. Public Hearings will not be called to order prior to the time specified, but may occur slightly later than the specified time.

Public participation is encouraged. Public comments on items appearing on the Agenda will be taken at the same time the Agenda items are heard; comments should be brief and directed to the specifics of the item being considered. Please provide the Clerk of the Board with a copy of all written materials presented at the meeting. Comments on items not on the Agenda can be heard during "Comments from the Audience;" however, action cannot be taken on items not on the Agenda.

Backup materials relating to an open session item on this Agenda, which are not included with the Board packet, will be made available for public inspection at the same time they are distributed or made available to the Board, and can be viewed at the District office, at the Board meeting and upon request to the Clerk of the Board.

The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations are needed, please contact the Clerk of the Board at (530) 544-6474, extension 6203. All inquiries must be made at least 48 hours in advance of the meeting.

SOUTH TAHOE PUBLIC UTILITY DISTRICT

CONSENT CALENDAR

Thursday, December 3, 2026

ITEMS FOR CONSENT

a. SEPTEMBER 30, 2026 FISCAL YEAR TO DATE FINANCIAL STATEMENTS
(Andrea Salazar, Chief Financial Officer)
Receive and file the September 30, 2026 Income Statement and Balance Sheet Reports.

b. 2026 PIONEER TRAIL WATERLINE PROJECT - REBID
(Trevor Coolidge, PE, Senior Engineer)
1) Approve Change Order No. 1 to Vinciguerra Construction, Inc., in the amount of $88,632.80; and 2) Authorize the Interim General Manager to execute Change Order No. 1.

c. REGULAR BOARD MEETING MINUTES: November 17, 2026
(Melonie Guttry, Executive Services Manager/Clerk of the Board)
Approve November 17, 2026, Minutes

Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

South Tahoe Public Utility District

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Phone 530 544-6474 • Fax 530 541-0614 • www.stpud.us

BOARD AGENDA ITEM 4a

TO: Board of Directors

FROM: Andrea Salazar, Chief Financial Officer

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: September 30, 2026 Fiscal Year to Date Financial Statements

REQUESTED BOARD ACTION: Receive and file the September 30, 2026 Income Statement and Balance Sheet Reports.

DISCUSSION: The District auditors Eide Bailly, formerly Mann, Urrutia, Nelson CPA's, and Associates recommend that the District's quarterly financial statements be placed on the Board meeting Agenda for receipt and filing by the Board of Directors. Attached are the September 30, 2026, fiscal year to date income statements and balance sheet for the water and sewer funds.

Revenue

Water and sewer service charge revenues through the first quarter ending September 30, 2026, are at 29% and 25% of budget. Sewer charges are right on budget while water service charges are slightly over budget due to the increased consumption for irrigation during the summer months. As consumption decreases throughout the winter months, total water service charges are expected to be at or near budget.

Other revenues included in the category "Charges for Sales and Services" include capacity fees and permit fees, the majority of which are collected at either the beginning or end of the fiscal year, during construction season. Water and sewer connection and service fees are at 30.8% and 52% of budget on September 30, 2026. Currently water reflects connection fees are at 84% of budget; however, an incorrect booking of $630.8K for Lake Tahoe Community College Fire Academy will be adjusted in the next quarter.

Combined water and sewer tax revenue is at 2.3% of budget due to tax revenue distributions primarily occurring in December and April. Total investment earnings through September 30, 2026, represent the reversal of the Fiscal Year 2026 year-end fair market value adjustments. Sewer grant revenues are currently negative due to the reversal of year-end accrual adjustments; however, Water grant revenues are 6% of

budget due to payments from the Bureau of Reclamation. Both of these line items will normalize throughout the year as each respective type of revenue is recognized. Combined other operating and nonoperating revenues are at 26.5% of budget. These revenues are received sporadically throughout the year, unlike service charges and as such they are not expected to be at 25% of the budget at the end of September.

Expense Analysis

Water and sewer operating expenses through September 30, 2026, are 17% and 16% of budget, respectively. Both funds are currently below budget, but it is too early in the year to project whether this trend will continue through the year. It is important to note that fourth quarter year-end payroll and other accrual entries can erase savings recorded early in the year.

Debt service payments are recorded on specific due dates, not evenly distributed throughout the year, so the percentage of budget spent is not a relevant statistic until all payments for the year have been made.

Water and sewer capital outlay spending through September 30, 2026, is $5.9 million and $693,864 representing 22% and 3% of budget. Many of these expenditures are incurred at the beginning and end of the fiscal year, during construction season. At the end of the fiscal year an analysis is performed to determine the status of projects and the potential need to roll budgeted funds into the next year for incomplete projects, or to increase capital reserves for future use.

Recommendation

District staff recommend the Board receive and file the attached September 30, 2026, income statements and balance sheet as presented.

SCHEDULE: N/A

COSTS: N/A

ACCOUNT NO: N/A

BUDGETED AMOUNT AVAILABLE: N/A

IDENTIFIED CAPITAL IMPROVEMENT PROJECT (CIP): ☐ **Yes** ☐ **No** ☒ **N/A**

ATTACHMENTS: September 30, 2026 Income Statement and Balance Sheet

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CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** General

GENERAL MANAGER: **YES** PDF **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____

Income Statement

Through 09/30/26
Summary Listing

Classification		Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Fund Category **Proprietary Funds**							
Fund Type **Enterprise Funds**							
Fund **10 - Sewer Fund**							
Operating Revenue							
Charges for sales and services							
Service charges		24,326,959.00	2,004,543.86	6,017,138.49	18,309,820.51	25	22,628,451.96
Connection and service fees		494,660.00	118,671.49	255,185.82	239,474.18	52	814,986.39
Other operating income		525,808.00	28,053.52	171,414.31	354,393.69	33	572,807.89
	Charges for sales and services Totals	$25,347,427.00	$2,151,268.87	$6,443,738.62	$18,903,688.38	25%	$24,016,246.24
	Operating Revenue Totals	$25,347,427.00	$2,151,268.87	$6,443,738.62	$18,903,688.38	25%	$24,016,246.24
Non Operating Revenue							
Tax revenue		8,087,132.00	300,717.01	306,152.39	7,780,979.61	4	9,514,549.92
Investment earnings		458,000.00	19,253.21	139,995.76	318,004.24	31	1,701,187.23
Aid from governmental agencies		288,000.00	47,365.76	(214,757.68)	502,757.68	(75)	337,228.16
Other nonoperating income		263,128.00	4,052.00	11,224.34	251,903.66	4	75,559.64
	Non Operating Revenue Totals	$9,096,260.00	$371,387.98	$242,614.81	$8,853,645.19	3%	$11,628,524.95
Operating Expenses							
Wages Full Time		10,206,344.00	962,572.00	1,885,821.81	8,320,522.19	18	9,059,530.80
Wages Part-Time		293,850.00	49,669.00	129,188.74	164,661.26	44	275,091.45
Benefits		5,658,867.00	396,974.64	978,828.61	4,680,038.39	17	5,062,813.29
Depreciation and amortization		6,081,240.00	.00	.00	6,081,240.00	0	6,127,902.77
Utilities		4,348,330.00	459,318.11	1,005,450.20	3,342,879.80	23	4,098,610.36
Repairs and maintenance		1,879,664.00	74,456.65	473,806.06	1,405,857.94	25	1,832,618.69
Other operating expenses		4,145,971.00	222,056.64	694,019.08	3,451,951.92	17	3,496,044.06
	Operating Expenses Totals	$32,614,266.00	$2,165,047.04	$5,167,114.50	$27,447,151.50	16%	$29,952,611.42
Nonoperating Expenses							
Debt Service - Net		2,342,369.00	.00	.00	2,342,369.00	0	.00
Interest expense		1,257,390.00	(16,990.63)	548,228.59	709,161.41	44	1,324,150.83
Other expense		896,504.00	(6,342.72)	35,329.62	861,174.38	4	(92,510.90)
	Nonoperating Expenses Totals	$4,496,263.00	($23,333.35)	$583,558.21	$3,912,704.79	13%	$1,231,639.93
Capital Outlay Expenditures		21,491,134.00	73,895.08	693,864.36	20,797,269.64	3	.00
	Fund **10 - Sewer Fund** Totals						
	REVENUE TOTALS	34,443,687.00	2,522,656.85	6,686,353.43	27,757,333.57	19%	35,644,771.19
	EXPENSE TOTALS	58,601,663.00	2,215,608.77	6,444,537.07	52,157,125.93	11%	31,184,251.35
	Fund **10 - Sewer Fund** Net Gain (Loss)	($24,157,976.00)	$307,048.08	$241,816.36	($24,399,792.36)	(1%)	$4,460,519.84

Income Statement

Through 09/30/26
Summary Listing

Classification	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Fund Category **Proprietary Funds**						
Fund Type **Enterprise Funds**						
Fund **20 - Water Fund**						
Operating Revenue						
Charges for sales and services						
Service charges	19,297,300.00	1,889,919.24	5,614,945.33	13,682,354.67	29	17,873,064.83
Connection and service fees	801,385.00	542,134.77	669,216.31	132,168.69	84	738,512.47
Other operating income	225,000.00	41,989.62	89,462.14	135,537.86	40	285,136.19
Charges for sales and services Totals	$20,323,685.00	$2,474,043.63	$6,373,623.78	$13,950,061.22	31%	$18,896,713.49
Operating Revenue Totals	$20,323,685.00	$2,474,043.63	$6,373,623.78	$13,950,061.22	31%	$18,896,713.49
Non Operating Revenue						
Tax revenue	5,170,462.00	.00	.00	5,170,462.00	0	2,782,102.58
Investment earnings	158,000.00	34.36	54,337.22	103,662.78	34	880,188.69
Aid from governmental agencies	4,470,907.00	384,682.72	287,910.08	4,182,996.92	6	200,771.89
Other nonoperating income	224,216.00	52,020.87	56,861.03	167,354.97	25	397,745.47
Non Operating Revenue Totals	$10,023,585.00	$436,737.95	$399,108.33	$9,624,476.67	4%	$4,260,808.63
Operating Expenses						
Wages Full Time	7,036,208.00	654,594.67	1,320,370.57	5,715,837.43	19	5,524,291.47
Wages Part-Time	263,800.00	44,005.13	116,117.65	147,682.35	44	301,619.52
Benefits	3,776,369.00	286,909.92	679,852.46	3,096,516.54	18	3,284,881.65
Depreciation and amortization	4,943,940.00	.00	.00	4,943,940.00	0	5,392,388.40
Utilities	1,691,780.00	166,463.48	443,200.31	1,248,579.69	26	1,766,692.06
Repairs and maintenance	2,806,192.00	239,145.94	826,614.69	1,979,577.31	29	3,097,438.37
Other operating expenses	2,902,040.00	183,992.73	507,729.54	2,394,310.46	17	2,299,100.19
Operating Expenses Totals	$23,420,329.00	$1,575,111.87	$3,893,885.22	$19,526,443.78	17%	$21,666,411.66
Nonoperating Expenses						
Debt Service - Net	2,190,459.00	.00	.00	2,190,459.00	0	.00
Interest expense	1,108,856.00	.00	371,615.07	737,240.93	34	1,121,245.97
Other expense	86,729.00	135.00	14,608.47	72,120.53	17	81,417.77
Nonoperating Expenses Totals	$3,386,044.00	$135.00	$386,223.54	$2,999,820.46	11%	$1,202,663.74
Capital Outlay Expenditures	26,888,253.00	3,026,080.02	5,877,847.43	21,010,405.57	22	(.02)
Fund **20 - Water Fund** Totals						
REVENUE TOTALS	30,347,270.00	2,910,781.58	6,772,732.11	23,574,537.89	22%	23,157,522.12
EXPENSE TOTALS	53,694,626.00	4,601,326.89	10,157,956.19	43,536,669.81	19%	22,869,075.38
Fund **20 - Water Fund** Net Gain (Loss)	($23,347,356.00)	($1,690,545.31)	($3,385,224.08)	($19,962,131.92)	14%	$288,446.74
Fund Type **Enterprise Funds** Totals						
REVENUE TOTALS	64,790,957.00	5,433,438.43	13,459,085.54	51,331,871.46	21%	58,802,293.31
EXPENSE TOTALS	112,296,289.00	6,816,935.66	16,602,493.26	95,693,795.74	15%	54,053,326.73

Income Statement

Through 09/30/26
Summary Listing

Classification	Annual Budget Amount	MTD Actual Amount	YTD Actual Amount	Budget Less YTD Actual	% of Budget	Prior Year Total Actual
Fund Category **Proprietary Funds**						
Fund Type **Enterprise Funds** Net Gain (Loss)	($47,505,332.00)	($1,383,497.23)	($3,143,407.72)	($44,361,924.28)	7%	$4,748,966.58
Fund Category **Proprietary Funds** Totals						
REVENUE TOTALS	64,790,957.00	5,433,438.43	13,459,085.54	51,331,871.46	21%	58,802,293.31
EXPENSE TOTALS	112,296,289.00	6,816,935.66	16,602,493.26	95,693,795.74	15%	54,053,326.73
Fund Category **Proprietary Funds** Net Gain (Loss)	($47,505,332.00)	($1,383,497.23)	($3,143,407.72)	($44,361,924.28)	7%	$4,748,966.58
Grand Totals						
REVENUE TOTALS	64,790,957.00	5,433,438.43	13,459,085.54	51,331,871.46	21%	58,802,293.31
EXPENSE TOTALS	112,296,289.00	6,816,935.66	16,602,493.26	95,693,795.74	15%	54,053,326.73
Grand Total Net Gain (Loss)	($47,505,332.00)	($1,383,497.23)	($3,143,407.72)	($44,361,924.28)	7%	$4,748,966.58

Balance Sheet

Through 09/30/26

Consolidated Summary Listing

Classification		Current YTD Balance	Prior Year Total Actual	Net Change	Change %
Fund Category **Proprietary Funds**					
Fund Type **Enterprise Funds**					
ASSETS					
Current Assets					
Cash and Cash Equivalents		21,139,655.26	27,899,533.63	(6,759,878.37)	(24.23)
Investments		1,052,586.15	1,054,043.68	(1,457.53)	(.14)
Accounts Receivable		6,889,549.88	4,747,784.55	2,141,765.33	45.11
Current Lease Receivable		77,682.00	77,682.00	.00	.00
Due From Governmental Agencies		529,257.89	891,935.70	(362,677.81)	(40.66)
Property Tax Receivable		.00	12,470,594.00	(12,470,594.00)	(100.00)
Interest Receivable		8,499.83	249,265.95	(240,766.12)	(96.59)
Other Current Assets		1,724,179.19	2,000,244.51	(276,065.32)	(13.80)
	Current Assets Totals	$31,421,410.20	$49,391,084.02	($17,969,673.82)	(36.38%)
Noncurrent Assets					
Restricted Assets					
Cash and Cash Equivalents		20,552,376.63	21,285,821.55	(733,444.92)	(3.45)
Certificate of Deposit		165,592.56	165,592.56	.00	.00
	Restricted Assets Totals	$20,717,969.19	$21,451,414.11	($733,444.92)	(3.42%)
Long-Term Accounts Receivable		1,401,222.12	1,409,555.17	(8,333.05)	(.59)
Long Term Lease Receivable		1,515,818.66	1,515,818.66	.00	.00
Subscription Assets		180,551.57	180,551.57	.00	.00
Due From Other Governmental Agencies		146,040.00	146,040.00	.00	.00
Investments		27,863,161.40	27,707,917.36	155,244.04	.56
Capital Assets		244,080,573.68	244,080,573.68	.00	.00
Construction in Progress		23,003,583.60	23,003,583.60	.00	.00
	Noncurrent Assets Totals	$318,908,920.22	$319,495,454.15	($586,533.93)	(0.18%)
Deferred Outflows of Resources					
Refunding Loan Costs		14,056.48	18,741.96	(4,685.48)	(25.00)
Changes in the Pension Liability		6,117,074.00	6,117,074.00	.00	.00
	Deferred Outflows of Resources Totals	$6,131,130.48	$6,135,815.96	($4,685.48)	(0.08%)
	ASSETS TOTALS	$356,461,460.90	$375,022,354.13	($18,560,893.23)	(4.95%)
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Current Liabilities					
Accounts Payable and Other Liabilities		2,779,029.04	2,881,524.33	(102,495.29)	(3.56)
Unearned Revenue		15,213.56	15,213.56	.00	.00
Accrued Expenses		797,915.05	1,626,601.48	(828,686.43)	(50.95)
Accrued Interest Payable		967,487.56	974,835.48	(7,347.92)	(.75)
Compensated Absences		1,776,778.02	1,902,496.25	(125,718.23)	(6.61)
Long Term Liabilities - Current Portion		3,679,571.88	3,679,571.88	.00	.00

Balance Sheet

Through 09/30/26

Consolidated Summary Listing

Classification		Current YTD Balance	Prior Year Total Actual	Net Change	Change %
Fund Category **Proprietary Funds**					
Fund Type **Enterprise Funds**					
LIABILITIES AND FUND EQUITY					
LIABILITIES					
Current Liabilities					
Subscription Liabilities		46,931.14	46,931.14	.00	.00
	Current Liabilities Totals	$10,062,926.25	$11,127,174.12	($1,064,247.87)	(9.56%)
Noncurrent Liabilities					
Compensated Absences - Long Term Portion		768,352.81	1,346,529.54	(578,176.73)	(42.94)
Long Term Liabilities - Long Term Portion		96,923,022.77	97,987,021.89	(1,063,999.12)	(1.09)
Net Pension Liability		15,935,462.00	15,935,462.00	.00	.00
	Noncurrent Liabilities Totals	$113,626,837.58	$115,269,013.43	($1,642,175.85)	(1.42%)
Deferred Inflows of Resources					
Property Tax Receivable		.00	12,470,594.00	(12,470,594.00)	(100.00)
Lease Receivable		1,471,569.15	1,471,569.15	.00	.00
Changes in Net Pension Liabilty		124,005.00	124,005.00	.00	.00
	Deferred Inflows of Resources Totals	$1,595,574.15	$14,066,168.15	($12,470,594.00)	(88.66%)
	LIABILITIES TOTALS	$125,285,337.98	$140,462,355.70	($15,177,017.72)	(10.81%)
FUND EQUITY					
Restricted for capital asset purchases		120,653,677.34	120,653,677.34	.00	.00
Unrestricted		109,157,354.51	109,157,354.51	.00	.00
	FUND EQUITY TOTALS Prior to Current Year Changes	$229,811,031.85	$229,811,031.85	$0.00	0.00%
	Prior Year Fund Equity Adjustment	(4,748,966.58)	.00		
	Fund Revenues	(13,218,617.75)	(58,802,293.31)		
	Fund Expenses	16,602,493.26	54,053,326.73		
	FUND EQUITY TOTALS	$231,176,122.92	$234,559,998.43	($3,383,875.51)	(1.44%)
	LIABILITIES AND FUND EQUITY	$356,461,460.90	$375,022,354.13	($18,560,893.23)	(4.95%)
	Fund Type **Enterprise Funds** Totals	$0.00	$0.00	$0.00	+++
	Fund Category **Proprietary Funds** Totals	$0.00	$0.00	$0.00	+++
	Grand Totals	$0.00	$0.00	$0.00	+++

Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

South Tahoe
Public Utility District

1275 Meadow Crest Drive • South Lake Tahoe • CA 96150-7401
Phone 530 544-6474 • Fax 530 541-0614 • www.stpud.us

BOARD AGENDA ITEM 4b

TO: Board of Directors

FROM: Trevor Coolidge, PE, Senior Engineer

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: 2026 Pioneer Trail Waterline Project - Rebid

REQUESTED BOARD ACTION: 1) Approve Change Order No. 1 to Vinciguerra Construction, Inc., in the amount of $88,632.80; and 2) Authorize the Interim General Manager to execute Change Order No. 1.

DISCUSSION: The 2026 Pioneer Trail Waterline Project includes the construction of a critical transmission main along Pioneer Trail between Marshall Trail and Susquehanna Drive. The Project includes installation of nearly 9,000 feet of 16-inch diameter water main and three new pressure-reducing valve stations needed to connect multiple pressure zones. The transmission main is designed to support a future extension along Pioneer Trail to the Iroquois Pressure Zone and provide a looped water system connection between the Stateline Area and Meyers.

The District awarded the construction Contract to Vinciguerra Construction, Inc. following a re-bid of the Project in the amount of $5,900,000 for construction starting in June 2026, extending through July 2027. Vinciguerra successfully completed the installation of the 16-inch mainline pipe work in November 2026, with new hydrants online and ready for emergency use along Pioneer Trail. The pressure-reducing valve stations, additional tie-in work, and final paving will be completed in 2027.

Change Order No. 1 modifies the 16-inch ductile iron water main gaskets to provide an internally restrained pipe system using FieldLok restrained gaskets instead of standard rubber gaskets along the entire mainline. As a critical transmission facility within the District's water system, the District requested pricing for a fully restrained pipe to improve the longevity, durability, resiliency, and reliability of this critical water-system asset. The Operations and Engineering Departments support this change and agree that converting the entire 16-inch mainline to internally restrained pipe is a prudent investment.

The Change Order cost represents the Contractor's material cost and markup for the additional internally restrained gaskets needed beyond the restraint requirements of the

original Plans and Specifications. No additional Contract Time is associated with this change and the contractor did not charge for any labor associated with this change.

Change Order No. 1 increases the Contract amount by $88,632.80, from $5,900,000.00 to $5,988,632.80. There is no change to the Contract Time.

Staff recommends that the Board approve Change Order No. 1 to Vinciguerra Construction, Inc., in the amount of $88,632.80 and authorize the Interim General Manager to execute Change Order No. 1.

SCHEDULE: June 2026 – July 2027

COSTS: $88,632.80

ACCOUNT NO: 20.30.8283 / PTRLWL

BUDGETED AMOUNT AVAILABLE: $758,945.31

IDENTIFIED CAPITAL IMPROVEMENT PROJECT (CIP): ☒ **Yes** ☐ **No** ☐ **N/A**

ATTACHMENTS: Change Order No. 1

CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** Water

GENERAL MANAGER: **YES** PDF **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____

CCO #01

South Tahoe Public Utility District
1275 Meadow Crest Dr
South Lake Tahoe, California 96150
Phone: (530) 544-6474

Project: PTRLWL - 2026 Pioneer Trail Waterline Project
Lake Tahoe Basin along Pioneer Trail between Marshall Trail and Susquehanna Drive within El Dorado Count, CA right-of-way and on US Forest Service lands via special use permit
South Lake Tahoe, California 96150

Subcontract Change Order #01: Provide FieldLok Gaskets - Internally Restrained Pipe System

CONTRACT COMPANY:	**Vinciguerra Construction, Inc.** P.O. Box 157 Sutter Creek, California 95642	**CONTRACT FOR:**	PO# 2027-105:2026 Pioneer Trail Waterline Project REBID
DATE CREATED:	11/19/2026	**CREATED BY:**	Trevor Coolidge **(South Tahoe Public Utility District)**
CONTRACT STATUS:	Pending - In Review	**REVISION:**	0
REQUEST RECEIVED FROM:		**LOCATION:**	
DESIGNATED REVIEWER:		**REVIEWED BY:**	
DUE DATE:		**REVIEW DATE:**	
INVOICED DATE:		**PAID DATE:**	
REFERENCE:		**CHANGE REASON:**	Client Request
PAID IN FULL:	No	**EXECUTED:**	No
ACCOUNTING METHOD:	Unit/Quantity Based	**SCHEDULE IMPACT:**	
FIELD CHANGE:	No	**SIGNED CHANGE ORDER RECEIVED DATE:**	
		TOTAL AMOUNT:	$88,632.80

DESCRIPTION:
CE #002 - Quote to Provide FieldLok Gasket Per RFI Response
District requested 16-inch ductile iron watermain to be fully restrained as critical transmission line within the water system along Pioneer Trail. Contractor provided pricing based on material cost with markup. Increased cost reflects additional internally restrained gaskets beyond what would have been required by contract plans and specifications. No additional time provided by change.

ATTACHMENTS:
PCO No.02 Quote to Provide Field Lock Gasket per RFI and Bid Documents.xls, Cap Flow 16in Field Lock Quote.pdf, Iconix FL Gasket IMG_1240.PNG

BOARD APPROVAL DATE: 12/03/2026

CHANGE ORDER LINE ITEMS:

#	Budget Code	Description	Qty	Units	Unit Cost	Subtotal
1	Bid Schedule A-20.30.8283/PTRLWL.CONT 2026 Pioneer Trail Waterline Project REBID.Contractor	Modify 16" DI Pipe to Internally Restrained	1.0		$88,632.80	$88,632.80
					Grand Total:	**$88,632.80**

CCO #01

The original (Contract Sum)	$ 5,900,000.00
Net change by previously authorized Change Orders	$ 0.00
The contract sum prior to this Change Order was	$ 5,900,000.00
The contract sum would be changed by this Change Order in the amount of	$ 88,632.80
The new contract sum including this Change Order will be	$ 5,988,632.80

The contract time will not be changed by this Change Order.

South Tahoe Public Utility District
1275 Meadow Crest Dr
South Lake Tahoe, California 96150

SIGNATURE **DATE**

Vinciguerra Construction, Inc.
P.O. Box 157
Sutter Creek, California 95642

SIGNATURE **DATE**

SOUTH TAHOE PUBLIC UTILITY DISTRICT

	BOARD MEMBERS	
Joel Henderson, Director		Kelly Sheehan, Director
Nick Haven, Vice President	Shane Romsos, President	Nick Exline, Director

Paul Peschel, Interim General Manager — Andrea Salazar, Chief Financial Officer

REGULAR MEETING OF THE BOARD OF DIRECTORS
SOUTH TAHOE PUBLIC UTILITY DISTRICT
November 19, 2026
MINUTES

The South Tahoe Public Utility District Board of Directors met in a regular session, 2:00 p.m., at the District Office, located at 1275 Meadow Crest Drive, South Lake Tahoe, California.

ROLL CALL: Board of Directors: President Romsos, Directors Haven, Sheehan, Henderson and Exline
Staff: Paul Peschel, Ryan Lee, Andrea Salazar, Ryan Jones, Melonie Guttry, Shannon Chandler, Dan Arce, Brendan Cusick, Brent Goligoski, Shelly Thomson, Liz Kauffman, Megan Colvey, Mark Seelos

1. **PLEDGE OF ALLEGIANCE:**

2. **COMMENTS FROM THE PUBLIC:** None

3. **CORRECTIONS TO THE AGENDA OR CONSENT CALENDAR:** None

4. **ADOPTION OF CONSENT CALENDAR**:

   Moved Sheehan/Second Exline/Haven Yes/Romsos Yes/Henderson Yes/Sheehan Yes/Exline Yes to approve the Consent Calendar as presented.

   a. **2026 WATER METER INSTALLATION PROJECT**
   (Laura Hendrickson, Associate Engineer)
   1) Approved Change Order No. 3 to White Rock Construction, Inc. in the amount of ($119,112.70); and 2) Authorized the Interim General Manager to execute Change Order No. 3.

   b. **RECEIVE AND FILE PAYMENT OF CLAIMS** (Greg Dupree, Accounting Manager)
   Received and filed Payment of Claims in the amount of $1,120,380.57.

   c. **REGULAR BOARD MEETING MINUTES: November 5, 2026**
   (Melonie Guttry, Executive Services Manager/Clerk of the Board)
   Approved November 5, 2026, Minutes.

5. **CONSENT ITEMS BROUGHT FORWARD FOR SEPARATE DISCUSSION/ACTION:** None

6. ITEMS FOR BOARD ACTION:

a. Temporary Full-Time Laboratory Technician I-A Position (Dan Arce, Laboratory Director) – **Dan Arce** provided details regarding the Temporary Full-Time Laboratory Technician I-A Position and addressed questions from the Board.

Moved Sheehan/Second Romsos/Haven Yes/Romsos Yes/Henderson Yes/Sheehan Yes/Exline Yes to approve the hire of a Temporary Full-Time Laboratory Technician I-A position to fill in for two consecutive employee leave openings in the Laboratory.

b. Tahoe Keys Sanitary Sewer Rehabilitation Project (Brendan Cusick, Senior Engineer) - **Brendan Cusick** provided a project overview regarding the Tahoe Keys Sanitary Sewer Rehabilitation Project and addressed questions from the Board. **Megan Colvey** provided details regarding the next proposed Cured in Place Pipe (CIPP) project.

Moved Haven/Second Romsos/Haven Yes/Romsos Yes/Henderson Yes/Sheehan Yes/Exline Yes to 1) Approve Change Order No. 1 to Express Sewer and Drain, Inc. in the deductive amount of ($51,830); and 2) Authorize the Interim General Manager to execute Change Order No. 1.

7. STANDING AND AD-HOC COMMITTEES AND LIAISON REPORTS:

Director Sheehan provided details regarding the Operations Committee meeting on November 10, 2026, and updated the Board regarding several projects. There will be an Emergency Response and Recovery Plan (ERRP) training in early December with an update to the plan coming soon. The Elks Club well is still offline due to sanding issues. There was a private lateral that failed in Monte Verde area near Stateline, which the County asked the District to help clean up and will be reimbursed by the owner. There was a C-line spill due to a corroded nipple, but nothing spilled into the Carson River. A Fleet Electrification plan is coming in 2027, as the District works to stay compliant. She further reported regarding the Employee Communications Committee (ECC) Meeting on November 18, 2026. It was a positive meeting with lots of engagement from staff and the CPS presentation was well done.

President Romsos added that the ECC meeting was a good opportunity to present the CPS staff survey and there were some good questions. He thanked **Shannon Chandler** for chairing the meeting.

Director Haven reported the El Dorado Water Agency (EDWA) meeting was yesterday and they are assisting with the Groundwater Sustainability Agency (GSA) role. There will be a presentation on December 3 from **Mark Seelos** regarding GSA.

8. BOARD MEMBER REPORTS:

Directors Exline and **Sheehan** welcomed **Paul Peschel** as Interim General Manager. **President Romsos** thanked **Ryan Lee** for his efforts as the Acting General Manager.

9. STAFF/ATTORNEY REPORTS:

Melonie Guttry congratulated **President Romsos** and **Directors Haven** and **Exline** for their re-election and reported that they will take their new Oaths of Office at the December 3rd Board meeting. The Board will also nominate a President and Vice President for the 2027 calendar year at the same meeting. On December 17, the Board President will appoint the committees for the

2027 calendar year. President Romsos asked the Board to start thinking about their availability for the upcoming nominations of President and Vice President as well as committees.

10. INTERIM GENERAL MANAGER REPORT:

Paul Peschel reported on several items:

- California Water Environment Association awarded Collection System Person to Cavin Ross; Supervisor of the Year, John Sheridian; and Plant of the Year to South Tahoe Public Utility District.
- He has enjoyed his first three days and has received a very warm welcome from staff. He enjoyed ECC yesterday and several meetings he has attended. There is a really talented group of people at the District that are happy and although there are issues to deal with, it will get better.

11. NOTICE OF PAST AND FUTURE MEETINGS/EVENTS

12. BREAK AND ADJOURN TO CLOSED SESSION: 2:32 p.m.

RECONVENE TO OPEN SESSION: 3:34 p.m.

a. Pursuant to Section 54956.9(d)(2) of the California Government Code, Closed Session may be held for conference with legal counsel regarding potential litigation.

No reportable Board Action.

b. Pursuant to Section 54956.9(d)(2) of the California Government Code.

No reportable Board Action.

c. Pursuant to Section 54956.9(d)(1) of the California Government code, Closed Session may be held for conference with legal counsel regarding existing litigation: Yolo County Superior Court Case CV 2021-1686, Alpine County vs. South Tahoe Public Utility District; et al.

No reportable Board Action.

d. Pursuant to Section 54956.9(d)(2) of the California Government Code, Closed Session may be held for conference with legal counsel regarding potential litigation.

This item was not discussed

ADJOURNMENT: 3:35 p.m.

_____
Shane Romsos, Board President
South Tahoe Public Utility District

_____
Melonie Guttry, Executive Services Manager/
Board Clerk
South Tahoe Public Utility District

Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

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BOARD AGENDA ITEM 7a

TO: Board of Directors

FROM: Andrea Salazar, Chief Financial Officer

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: 2026 Certificates of Participation (COP)

REQUESTED BOARD ACTION: Approve Resolution No. 3351-26, a Resolution of the Board of Directors of the South Tahoe Public Utility District authorizing the execution, delivery and sale of Water Revenue Certificates of Participation to finance capital improvement projects and approving related documents and actions not to exceed $16 million maximum principal amount.

DISCUSSION: South Public Utility District (District) has identified the need for obtaining tax-exempt financing, specifically COPs for several water projects which do not qualify for State Revolving Fund Loans. Staff has been working with California Special Districts Associates (CSDA) Financing Group, Oppenheimer (Underwriter), Bartle Wells (Financial Advisor) and Jones Hall (Bond Counsel) in preparation of these borrowings. Resolution No. 3351-26 approves the documents described below.

Installment Sale Agreement The District has entered into an Installment Sale Agreement with CSDA Finance Corporation, consisting of a pledge of net water system revenues; covenants to maintain water system rate and charges to provide debt service coverage on the Certificates; and limitations on issuing future water system debt. The attached Agreement is in substantially final form, with only final pricing details needing completion.

Trust Agreement The District, along with CSDA Finance Corporation and U.B. Bank Trust Company, National Association has entered into a Trust Agreement in which US Bank Trust Company will act as the trustee who is responsible for managing the financial and administrative aspects of the COP arrangement to ensure compliance with the terms of the Financing Agreement and protection of the interests of the investors. The attached Agreement is in substantially final form, with only final pricing details needing completion.

Certificate Purchase Agreement The Certificates are to be sold to the underwriter on the closing date under a Certificate Purchase Agreement between the District and Oppenheimer & Co. Inc., as underwriter. This agreement will set forth the final interest rates and other terms of the Certificates and the terms under which the underwriter will purchase them. The attached is in substantially final form, with only final pricing details needing completion.

Preliminary Official Statement The Preliminary Official Statement, which serves as an initial disclosure document provided to potential investors during the offering of these securities which include the purpose of financing, project descriptions, repayment structure, legal and financial information risk factors and draft terms and conditions. Resolution No. 3351-26 approves the Preliminary Official Statement in substantially final form, with only final pricing details needing completion, and authorizes the underwriter to distribute the Preliminary Official Statement to potential investors. Following the pricing of the Certificates, the Official Statement will be revised and finalized to include final pricing information.

The Official Statement is the disclosure document required under federal securities laws to be complete and not misleading in all material respects, and to contain all information regarding the bonds, the District and the water system that a reasonable investor would view as material. The Preliminary Official Statement has been reviewed and approved for transmittal to the Board by staff and the District's team of consultants but is being submitted to the Board for review and approval. Approval of Resolution No. 3351-26 will authorize a staff member to execute a Certificate to the effect that the Preliminary Official Statement has been "deemed final," which the underwriter is required to have before offering to investors, but also to make any changes to the document to ensure that it is materially accurate and complete.

SCHEDULE: Anticipated closing date and receipt of funds – February 4, 2027

COSTS: N/A

ACCOUNT NO: N/A

BUDGETED AMOUNT AVAILABLE: N/A

IDENTIFIED CAPITAL IMPROVEMENT PROJECT (CIP): ☐ **Yes** ☐ **No** ☒ **N/A**

ATTACHMENTS: Resolution No. 3351-26, Installment Sale Agreement, Trust Agreement, Preliminary Official Statement, Certificate Purchase Agreement and Water COP Presentation

---

CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** Sewer/Water

GENERAL MANAGER: **YES** PDF **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____

RESOLUTION NO. 3351-26

RESOLUTION OF THE BOARD OF DIRECTORS OF THE SOUTH TAHOE PUBLIC UTILITY DISTRICT AUTHORIZING THE EXECUTION, DELIVERY AND SALE OF WATER REVENUE CERTIFICATES OF PARTICIPATION TO FINANCE CAPITAL IMPROVEMENT PROJECTS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the South Tahoe Public Utility District (the "District") owns and operates a public enterprise for the supply, storage and distribution of domestic water within its service area (the "Water System");

WHEREAS, the District is proceeding to finance certain capital improvement projects for the Water System, as specified in more detail in the hereinafter-defined Installment Sale Agreement (collectively, the "Project");

WHEREAS, the CSDA Finance Corporation (the "Corporation") is a nonprofit public benefit corporation formed for the purpose of assisting public agencies such as the District in the financing of public capital improvements;

WHEREAS, in order to provide funds to finance the Project, the Corporation has proposed to enter into an Installment Sale Agreement (the "Installment Sale Agreement"), between the Corporation as seller and the District as purchaser, under which the Corporation agrees to provide financing for the Project and to sell the completed Project to the District in consideration of the agreement by the District to pay the purchase price of the Project in semiannual installments (the "Installment Payments");

WHEREAS, for the purpose of obtaining the moneys required to provide financing to the District in accordance with the terms of the Installment Sale Agreement, the Corporation and the District have agreed to enter into a Trust Agreement (the "Trust Agreement") with U.S. Bank Trust Company, National Association (the "Trustee"), under which the Corporation will assign and transfer certain of its rights under the Installment Sale Agreement to the Trustee, and the Trustee will agree to execute and deliver Certificates of Participation (the "Certificates"), evidencing direct, undivided fractional interests in the Installment Payments;

WHEREAS, California Government Code Section 5852.1 requires that certain financial information be obtained and disclosed with respect to the Certificates by the Board of Directors of the District, and this information is set forth in Exhibit A attached hereto;

WHEREAS, the Board of Directors has duly considered such transactions and wishes at this time to approve such transactions in the public interest of the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the South Tahoe Public Utility District, as follows:

Section 1. Approval of Financing Plan and Related Documents. The Board of Directors hereby approves the execution, delivery and sale of the Certificates in the

maximum principal amount of $16,000,000 for the purpose of providing funds to finance the Project and pay all the costs of delivering the Certificates. To that end, the Board of Directors hereby approves each of the following financing documents in substantially the respective forms on file with the Secretary of the Board, together with any changes therein or additions thereto approved by the President of the Board, the Vice President of the Board, the General Manager, the Chief Financial Officer or a designee or successor of any of them (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of such approval:

- Installment Sale Agreement between the District and the Corporation, under which the Corporation agrees to provide funds to finance the Project in consideration of semiannual Installment Payments to be made by the District from the net revenues of the Water System; and

- Trust Agreement among the District, the Corporation and the Trustee, whereby the Trustee agrees to execute and deliver the Certificates and to apply the proceeds thereof to accomplish the purposes of the financing.

Each Authorized Officer, acting alone, is hereby authorized and directed for and in the name and on behalf of the District to execute the final form of each of the foregoing documents, and the Secretary of the Board is hereby authorized and directed to attest to the final form of each of the foregoing documents, if necessary. The schedule of semiannual payments attached to the Installment Sale Agreement shall correspond to the payments of principal and interest represented by the Certificates, to be determined upon the sale thereof.

Section 2. Approval of Preliminary Official Statement. The Board of Directors hereby authorizes and approves the form of the preliminary official statement describing the District, the Water System and the Certificates (the "Preliminary Official Statement") on file with the Secretary of the Board, together with such changes or alterations as may be approved by an Authorized Officer. The Board hereby approves, and deems nearly final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, the Preliminary Official Statement in the form on file with the Secretary of the Board, together with such modifications thereto as may be approved by an Authorized Officer. An Authorized Officer is hereby authorized and directed to (a) execute and deliver to the purchaser of the Certificates a certificate deeming the Preliminary Official Statement to be final, as of its date, within the meaning of such Rule, (b) approve any changes in or additions to the Preliminary Official Statement so that it is in final form, and (c) execute the final form of the Preliminary Official Statement (the "Final Official Statement") for and in the name and on behalf of the District. The Board of Directors hereby authorizes the distribution of the Preliminary Official Statement and the Final Official Statement.

Section 3. Approval of Continuing Disclosure Certificate. The Board of Directors hereby approves the continuing disclosure certificate (the "Continuing Disclosure Certificate") in substantially the form attached as an appendix to the Preliminary Official Statement, together with any changes therein or additions thereto deemed advisable by an Authorized Officer, such approval to be conclusively evidenced by the execution and delivery thereof. An Authorized Officer is hereby authorized and directed to execute the final form of the Continuing Disclosure Certificate for and in the

name and on behalf of the District. The Board of Directors hereby authorizes the delivery and performance of the Continuing Disclosure Certificate.

Section 4. Approval of Certificate Purchase Contract. The Board of Directors hereby authorizes and approves the negotiated sale of the Certificates to Oppenheimer & Co. Inc., as underwriter (the "Underwriter") pursuant to a certificate purchase Contract among the District, the Corporation and the Underwriter (the "Certificate Purchase Contract") in the form on file with the Secretary of the Board, together with such changes or alterations as may be approved by an Authorized Officer; provided, that the principal amount of the Certificates shall not exceed $16,000,000, the true interest cost of the Certificates shall not exceed 6.00% and the Underwriter's discount (exclusive of any original issue discount) shall not exceed 0.60% of the principal amount of the Certificates. The Board hereby finds and determines that the sale of the Certificates at negotiated sale as contemplated by the Certificate Purchase Contract will result in a lower overall cost than a competitive sale.

Section 5. Professional Services. In connection with the sale, execution and delivery of the Certificates, the Board of Directors hereby confirms the engagement of Bartle Wells Associates to act as municipal advisor to the District, and the firm of Jones Hall LLP to act as bond counsel and disclosure counsel to the District. Any Authorized Officer is hereby authorized and directed to execute an agreement with each such firm, in the respective forms on file with the Secretary of the Board.

Section 6. Official Actions. The President of the Board, the Vice President of the Board, the Secretary of the Board, the General Manager, the Chief Financial Officer, and any and all other officers of the District are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the transactions described herein. Any such actions previously taken by such officers in furtherance of this Resolution are hereby ratified and confirmed. Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf if such officer is absent or unavailable.

Section 7. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

WE, THE UNDERSIGNED, do hereby certify that the above and foregoing Resolution No. 3351-26 was duly adopted and passed by the Board of Directors of the South Tahoe Public Utility District at a regularly scheduled meeting held on the 3rd day of December, 2026, by the following vote:

AYES:
NOES:
ABSENT:

_____
Shane Romsos, Board President
South Tahoe Public Utility District

ATTEST:

_____
Melonie Guttry, Clerk of the Board

EXHIBIT A
Government Code Section 5852.1 Disclosure

The good faith estimates set forth herein are provided with respect to the Certificates in accordance with California Government Code Section 5852.1. Such good faith estimates have been prepared by the Underwriter of the Certificates and the municipal advisor to the District as of November 19, 2026.

(A) True interest cost of the Certificates: 5.00%

(B) Finance charge related to the execution and delivery of the Certificates (sum of all costs of issuance, fees and charges paid to third parties, including Underwriter's discount): $290,000

(C) Net proceeds to be received (net of finance charges): $15,000,000

(D) Total payment amount through maturity: $29,740,000

INSTALLMENT SALE AGREEMENT

by and between

SOUTH TAHOE PUBLIC UTILITY DISTRICT

and

CSDA FINANCE CORPORATION

Dated as of February 1, 2027

Relating to

$_____
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

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INSTALLMENT SALE AGREEMENT

This INSTALLMENT SALE AGREEMENT (this "Agreement"), dated as of February 1, 2027, is between the SOUTH TAHOE PUBLIC UTILITY DISTRICT, a public utility district duly organized and existing under the Constitution and laws of the State of California, including particularly Division 7 of the California Public Utilities Code (the "District"), as purchaser, and the CSDA FINANCE CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), as seller.

B A C K G R O U N D :

1. The District owns and operates a public enterprise for the supply, storage and distribution of domestic water within its service area (the "Water System").

2. The District is proceeding to finance certain capital improvement projects for the Water System specified in more detail in Appendix A hereto (collectively, the "Project").

3. The Corporation has been formed for the purpose of assisting public agencies such as the District in the financing of public capital improvements, and in order to provide funds to finance the Project, the Corporation has proposed to enter into this Agreement under which the Corporation agrees to provide financing for the Project and to sell the completed Project to the District in consideration of the agreement by the District to pay the purchase price of the Project in semiannual installments (the "Installment Payments").

4. The Installment Payments will be payable from and secured by a pledge of and lien on the net revenues received by the District from the Water System, on a parity basis with the payments of debt service on outstanding Parity Obligations of the District (as defined in the Trust Agreement).

5. For the purpose of obtaining the moneys required to finance the Project in accordance with the terms of this Agreement, the Corporation, the District and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), have entered into a Trust Agreement dated as of February 1, 2027 (the "Trust Agreement"), under which the Corporation has assigned and transferred certain of its rights under this Agreement to the Trustee, and the Trustee has executed and delivered the Certificates (as defined in the Trust Agreement), evidencing direct, undivided fractional interests in the Installment Payments, the proceeds of which will be applied to finance the Project as provided herein and in the Trust Agreement.

A G R E E M E N T :

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

ARTICLE I

DEFINITIONS; RULES OF INTERPRETATION

SECTION 1.1. *Definitions.* Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Agreement have the respective meanings given them in Appendix A attached to the Trust Agreement.

SECTION 1.2. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes 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 do 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 this Agreement; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

SECTION 2.1. *Representations, Covenants and Warranties of the District*. The District represents, covenants and warrants to the Corporation as follows:

(a) Due Organization and Existence. The District is a public utility district duly organized and existing under the Constitution and laws of the State of California, including particularly Division 7 of the California Public Utilities Code, has full legal right, power and authority under said laws to enter into this Agreement and the Trust Agreement and to carry out and consummate all transactions contemplated hereby and thereby, and by proper action the Board of Directors of the District has duly authorized the execution and delivery of this Agreement and the Trust Agreement.

(b) Due Execution. The representatives of the District executing this Agreement and the Trust Agreement are fully authorized to execute the same.

(c) Valid, Binding and Enforceable Obligations. This Agreement and the Trust Agreement have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District enforceable against the District in accordance with their respective terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) No Conflicts. The execution and delivery of this Agreement and the Trust Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties 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 District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated by this Agreement or the Trust Agreement or the financial condition, assets, properties or operations of the District, including but not limited to the performance of the District's obligations under this Agreement and the Trust Agreement.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, 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 Agreement or the Trust Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or the Trust Agreement, or upon the financial condition, assets, properties or operations of the District, and the District 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 adversely affect the consummation of the transactions contemplated by this Agreement or the Trust Agreement, or the financial conditions, assets, properties or operations of the District, including but not limited to the payment and performance of the District's obligations under this Agreement and the Trust Agreement.

(g) No Senior Obligations. The District has not issued or incurred any obligations which are currently outstanding that are secured by a pledge of the Gross Revenues or the Net Revenues on a basis that is senior to the pledge of the Net Revenues to the Installment Payments hereunder.

SECTION 2.2. *Representations, Covenants and Warranties of the Corporation*. The Corporation represents, covenants and warrants to the District as follows:

(a) Due Organization and Existence. The Corporation is a nonprofit public benefit corporation organized and existing under the laws of the State of California, and has power to enter into this Agreement and the Trust Agreement and to perform the duties and obligations imposed on it hereunder and thereunder. The Board of Directors of the Corporation has duly authorized the execution and delivery of this Agreement and the Trust Agreement.

(b) Due Execution. The representatives of the Corporation executing this Agreement and the Trust Agreement are fully authorized to execute the same.

(c) Valid, Binding and Enforceable Obligations. This Agreement and the Trust Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms; except as the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and except as such enforceability may be subject to the exercise of judicial discretion in accordance with principles of equity.

(d) No Conflicts. The execution and delivery hereof and of the Trust Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties 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 Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially adversely affect the consummation of the transactions contemplated hereby or by the Trust Agreement or the financial condition, assets, properties or operations of the Corporation, including but not limited to the performance of the Corporation's obligations under this Agreement and the Trust Agreement.

(e) Consents and Approvals. No consent or approval of any trustee or holder of any indebtedness of the Corporation, 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 hereof or of the Trust Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) No Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other governmental authority pending or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of this Agreement or the Trust Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation 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 adversely affect the consummation of the transactions contemplated by this Agreement or the Trust Agreement or the financial conditions, assets, properties or operations of the Corporation, including but not limited to the performance of the Corporation's obligations hereunder and under the Trust Agreement.

ARTICLE III

EXECUTION AND DELIVERY OF CERTIFICATES; APPLICATION OF PROCEEDS; ACQUISITION AND CONSTRUCTION OF PROJECTS

SECTION 3.1. *The Certificates*. The Corporation shall cause the Certificates to be executed and delivered under the Trust Agreement in the aggregate principal amount of $_____. The District hereby approves the Trust Agreement, the assignment thereunder to the Trustee of certain rights of the Corporation, and the execution and delivery of the Certificates.

SECTION 3.2. *Deposit and Application of Funds*. The Trustee shall deposit the proceeds received by it from the sale of the Certificates to the Original Purchaser in the respective funds and accounts, and in the respective amounts, as set forth in Section 3.01 of the Trust Agreement.

SECTION 3.3. *Acquisition and Construction of the Project.* The Corporation hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the Acquisition and Construction of the Project by the District in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District. All contracts for, and all work relating to, the Acquisition and Construction of the Project are subject to all applicable provisions of law relating to the acquisition and construction of public works by the District. The District expects that the Acquisition and Construction of the Project will be completed on or before _____ 20__. If the District fails to complete the Project by that date, such failure will not constitute an Event of Default hereunder or grounds for termination hereof, nor will such failure result in the diminution, abatement or extinguishment of the obligations of the District hereunder to pay the Installment Payments when due hereunder.

SECTION 3.4. *Appointment of District as Agent*. The Corporation hereby appoints the District as its agent to carry out all phases of the Acquisition and Construction of the Project under and in accordance with the provisions hereof. The District hereby accepts such appointment and assumes all rights, liabilities, duties and responsibilities of the Corporation regarding the Acquisition and Construction of the Project. The District, as agent of the Corporation hereunder, shall enter into, administer and enforce all purchase orders or other contracts relating to the Acquisition and Construction of the Project. The District shall pay the Project Costs from amounts held by it in the accounts within the Construction Fund or other District funds in accordance with the provisions of this Agreement and the provisions of the Trust Agreement.

SECTION 3.5. *Plans and Specifications*. The District has the right to specify the exact scope, nature and identification of the Project and the respective components thereof. Before any payment is made for the Project or any component thereof from amounts on deposit in the accounts within the Construction Fund, the District must prepare detailed plans and specifications relating thereto. The District may from time to time amend any such plans and specifications, and may thereby change or modify the description of the Project or any component thereof.

SECTION 3.6. *Certificate of Project Completion*. Upon the completion of the Acquisition and Construction of the Project, but in any event not later than 30 days following such completion, the District Representative shall execute and deliver to the Corporation and the Trustee a written certificate of the District Representative which (a) states that the Acquisition and Construction of the Project have been substantially completed, (b) identifies the total Project Costs thereof, and (c) identifies the amounts, if any, to be reserved in the accounts within the Construction Fund for payment of future Project Costs.

ARTICLE IV

SALE OF PROJECT; INSTALLMENT PAYMENTS

SECTION 4.1. *Sale*. The Corporation hereby sells the Project to the District, and the District hereby purchases the Project from the Corporation, upon the terms and conditions set forth in this Agreement.

SECTION 4.2. *Term*. The Term of this Agreement commences on the Closing Date, and ends on February 1, 20__, or such later or earlier date on which the Certificates cease to be Outstanding under and within the meaning of the Trust Agreement.

SECTION 4.3. *Title*. Title to the Project, and each component thereof, shall be deemed conveyed to and vested in the District immediately following the completion of the Project as evidenced in accordance with Section 3.6. The Corporation and the District shall execute, deliver and cause to be recorded any and all documents reasonably required by the District to consummate such transfers of title.

SECTION 4.4. *Installment Payments.*

(a) Purchase Price of Project. The District hereby agrees to pay to the Corporation, as the purchase price of the Project hereunder, the aggregate principal amount of $_____, together with interest (calculated on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semiannual Installment Payments in the respective amounts and on the respective Interest Payment Dates specified in Appendix B hereto.

(b) Payment Provisions. The District shall deposit the Installment Payments with the Trustee, as assignee of the Corporation under the Trust Agreement, on the Installment Payment Date preceding each Interest Payment Date, in an amount which, together with amounts then held by the Trustee in the Installment Payment Fund, is equal to the full amount of the Installment Payment coming due and payable on that Interest Payment Date. The Installment Payments will be secured by and payable solely from the sources specified in Section 4.5.

(c) Effect of Prepayment. If the District prepays all remaining Installment Payments in full under Sections 7.2 or 7.3, the District's obligations under this Agreement shall thereupon cease and terminate, including but not limited to the District's obligation to pay Installment Payments under this Section 4.4; except that the District's obligations to compensate and indemnify the Trustee under Sections 4.7 and 5.2 shall survive such

prepayment. If the District prepays the Installment Payments in part but not in whole under Sections 7.2 or 7.3, the principal component of each succeeding Installment Payment will be reduced as provided in such Sections, and the interest component of each remaining Installment Payment will be reduced by the aggregate corresponding amount of interest which would otherwise be payable with respect to the Certificates thereby prepaid under the applicable provisions of Section 4.01 of the Trust Agreement.

(d) Rate on Overdue Payments. If the District fails to make any of the payments required in this Section 4.4 or Section 4.7, the payment in default shall continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment, at the Overdue Rate.

(e) Assignment. The District understands and agrees that certain rights of the Corporation, including but not limited to the right of the Corporation to receive payment of the Installment Payments, have been assigned by the Corporation to the Trustee in trust under the Trust Agreement, for the benefit of the Owners of the Certificates, and the District hereby consents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Trustee at its Trust Office, all payments payable by the District under this Section 4.4 and all amounts payable by the District under Article VII.

SECTION 4.5. *Pledge and Application of Net Revenues*.

(a) Pledge and Assignment of Net Revenues. All of the Net Revenues, and all moneys on deposit in any of the funds and accounts established and held by the Trustee under the Trust Agreement, are hereby irrevocably pledged to the punctual payment of the Installment Payments. Such pledge constitutes a lien on and security interest in the Net Revenues and such other moneys for the payment of the Installment Payments in accordance with the terms hereof. Such pledge and lien on, and security interest in, the Net Revenues shall be on a parity with the pledge, lien and security interest which secures any Parity Obligations.

(b) Receipt, Deposit and Application of Gross Revenues and Net Revenues.

(i) Water Fund; Gross Revenues. The District has previously established the Water Fund, which it will continue to hold and maintain for the purposes and uses set forth herein. The District shall deposit all Gross Revenues in the Water Fund promptly upon the receipt thereof, and shall apply amounts in the Water Fund solely for the uses and purposes set forth herein and purposes set forth in the Parity Obligation Documents.

(ii) Payments from Net Revenues. In addition to withdrawals required to pay principal of and interest on the outstanding Parity Obligations when due, the District shall withdraw amounts on deposit in the Water Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(A) Payment of Installment Payments and Parity Obligations. On or before each Installment Payment Date, the District shall withdraw from the Water Fund and transfer to the Trustee for deposit in the Installment Payment Fund an

amount of Net Revenues which, together with the balance then on deposit in the Installment Payment Fund, is equal to the aggregate amount of the Installment Payment coming due and payable on the next succeeding Interest Payment Date. In addition, the District shall withdraw from the Water Fund and pay the principal of and interest on any Parity Obligations from Net Revenues, without preference or priority among the Installment Payments and Parity Obligations. If the amount of Net Revenues on deposit in the Water Fund is at any time insufficient to enable the District to pay when due the Installment Payments and the principal of and interest on the Parity Obligations, such payments shall be made on a pro rata basis.

(B) Reserve Fund Deposits and Transfers. Promptly upon receipt by the District of knowledge that the amount on deposit in any reserve fund established for any Parity Obligation has fallen below the amount required to be on deposit therein (or that there is an amount due to any provider of an insurance policy on deposit in any reserve fund), the District shall promptly (I) withdraw such amount due from available Net Revenues on deposit in the Water Fund, and (II) transfer such amount for deposit in such Parity Obligations reserve fund (or to the provider of such insurance policy). If the amount of Net Revenues on deposit in the Water Fund is at any time insufficient to enable the District to pay when due all amounts required by this subsection (B), such payments shall be made on a pro rata basis.

(iii) Other Permitted Uses of Net Revenues. The District shall manage, conserve and apply moneys in the Water Fund in such a manner that all deposits required to be made under this Section and under the Parity Obligation Documents will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the District may at any time use and apply moneys in the Water Fund for any one or more of the following purposes:

(A) the payment of the Operation and Maintenance Costs of the Water System,

(B) the acquisition and construction of extensions and betterments to the Water System;

(C) the prepayment of any of the Certificates or redemption of any Parity Obligations that are then subject to redemption or the purchase thereof from time to time in the open market, at prices and in such manner, either at public or private sale, or otherwise, as the District in its discretion may determine; or

(D) any other lawful purpose of the District relating to the Water System.

SECTION 4.6. *Special Obligation of the District; Obligations Absolute.* The District's obligation to pay the Installment Payments and any other amounts coming due and payable hereunder is a special obligation of the District limited solely to the Net Revenues and the other amounts pledged under this Agreement. Under no circumstances is the District 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 and such other amounts, nor are any other funds or property of the District liable for the payment of the Installment Payments and any other amounts coming due and payable hereunder.

The obligations of the District to make the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein are absolute and unconditional and are not subject to any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Corporation or the Trustee of any obligation to the District or otherwise with respect to the Water System, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Corporation 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 have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Installment Payments, Additional Payments or such other amounts, (b) will perform and observe all other agreements contained in this Agreement, and (c) will not terminate this Agreement 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 Water System, sale of the Water System, the taking by eminent domain of title to or temporary use of any component of the Water System, commercial frustration of purpose, any change in the laws of the United States of America or the State of California or any political subdivision of either thereof or any failure of the Corporation 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 Trust Agreement or this Agreement.

Nothing contained in this Section shall release the Corporation from the performance of any of its agreements contained herein or in the Trust Agreement. If the Corporation fails to perform any such agreements, the District may institute such action against the Corporation as the District deems necessary to compel performance so long as such action does not abrogate the obligations of the District contained in the preceding paragraph. The District may, however, at the District's own cost and expense and in the District's own name or in the name of the Corporation prosecute or defend any action or proceeding or take any other action involving third persons which the District deems reasonably necessary in order to secure or protect the District's rights hereunder, and in such event the Corporation will cooperate fully with the District and take such action necessary to effect the substitution of the District for the Corporation in such action or proceeding if the District shall so request.

SECTION 4.7. *Additional Payments*. In addition to the Installment Payments, the District shall pay when due the following amounts to the following parties:

(a) to the Corporation, all costs and expenses incurred by the Corporation to comply with the provisions of this Agreement and the Trust Agreement; and

(b) to the Trustee upon request therefor, all of its costs and expenses payable as a result of the performance of and compliance with its duties hereunder or under the Trust Agreement or any related documents;

(c) to the Corporation and the Trustee, all amounts required to indemnify the Corporation and the Trustee under Section 5.2 hereof and under Section 10.03 of the Trust Agreement; and

(d) all costs and expenses of auditors, engineers and accountants of the District related to the Project.

Subject to the provisions of Section 7.03 of the Trust Agreement, the Additional Payments shall be payable from, but are not secured by a pledge or lien upon, the Net Revenues. The rights of the Trustee and the Corporation under this Section, and the obligations of the District under this Section, shall survive the termination of this Agreement.

ARTICLE V

COVENANTS OF THE DISTRICT

SECTION 5.1. *Disclaimer of Warranties*. The Corporation makes no warranty or representation, either express or implied, as to the value, design, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District of the Project or any component thereof, or any other representation or warranty with respect to any of the Project or any component thereof. In no event shall the Corporation be liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Agreement or the Trust Agreement for the existence, furnishing, functioning or use of the Project.

SECTION 5.2. *Release and Indemnification Covenants*. The District shall indemnify the Corporation and the Trustee, and their respective officers, agents, successors and assigns, 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 or about the Water System by the District, (b) any breach or default on the part of the District in the performance of any of its obligations under this Agreement or the Trust Agreement, (c) any act or omission of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Water System, or (d) any act or omission of any lessee of the District with respect to the Water System. No indemnification is made under this Section 5.2 or elsewhere in this Agreement for willful misconduct or negligence under this Agreement by the Corporation or the Trustee, or their respective officers, agents, employees, successors or assigns. The provisions of this Section 5.2 shall survive the expiration of the Term of this Agreement.

SECTION 5.3. *Sale or Eminent Domain of Water System*.

(a) Except as provided herein, the District covenants that the Water System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the District to pay the Installment Payments or the principal of or interest on Parity Obligations, or would materially adversely affect its ability to comply with the terms of this Agreement or the Parity Obligation Documents.

The District may not enter into any agreement that impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Installment Payments and the Parity Obligations, or which otherwise would impair the rights of the Certificate Owners with respect to the Net Revenues.

If any substantial part of the Water System is sold, the payment therefor must either (i) be used for the acquisition or construction of improvements and extensions or replacement facilities of the Water System, or (ii) be applied to prepay the Certificates or any Parity Obligations in accordance with this Agreement and the Parity Obligation Documents, respectively.

(b) Any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the District, must either (i) be used for the acquisition or construction of improvements and extension of the Water System, or (ii) be applied to prepay the Certificates or any Parity Obligations in accordance with the Trust Agreement and the Parity Obligation Documents, respectively.

SECTION 5.4. *Insurance*. The District will at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. If any useful part of the Water System is damaged or destroyed, such part must be restored to usable condition.

All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall (i) be used for the acquisition or construction of improvements and extensions or replacement facilities of the Water System, or (ii) be applied to prepay the Certificates or any Parity Obligations in accordance with the Trust Agreement and the Parity Obligation Documents, respectively.

The District shall also maintain, with responsible insurers, workers' compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Trustee and the Owners of the Certificates.

SECTION 5.5. *Records and Accounts*. The District will keep proper books of record and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Water System. Said books shall, upon reasonable request, be subject to the inspection of the

Trustee (who shall have no duty to inspect) and the Owners of not less than 10% of the Outstanding Certificates or their representatives authorized in writing.

The District will cause the books and accounts of the Water System to be audited annually by an Independent Accountant and will make available for inspection by the Certificate Owners at the Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant. The District will furnish a copy of such statements, upon reasonable request, to the Trustee (who shall have no duty to inspect) and any Certificate Owner.

SECTION 5.6. *Rates and Charges*.

(a) Covenant Regarding Gross Revenues. The District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year that are at least sufficient, when added to other revenues estimated to be received by the District during such Fiscal Year, after making allowances for contingencies and errors in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority for each Fiscal Year:

(i) all Operation and Maintenance Costs estimated by the District to become due and payable in such Fiscal Year;

(ii) the principal of and interest on all outstanding Certificates and Parity Obligations, as they become due and payable during the Fiscal Year, without preference or priority;

(iii) all amounts, if any, required to restore the balance in any reserve funds established for any Parity Obligations to their required levels; and

(iv) all payments, including, but not limited to, payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition to the covenant set forth in the preceding subsection (a), the District shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year that are sufficient to yield Net Revenues that are at least equal to 120% of the principal of and interest on all outstanding Certificates and Parity Obligations, as they become due and payable during the Fiscal Year, without preference or priority.

For purposes of this section, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (i) any transfers from the Rate Stabilization Fund into the Water Fund in such Fiscal Year are included in the calculation of Net Revenues, as provided in Section 5.12, and (ii) any transfers from the Water Fund into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Gross Revenues received by the District during that Fiscal Year.

However, if the actual collection of Net Revenues based on such rates, fees and charges is insufficient to yield Net Revenues that meet such requirement, such event shall

not constitute an Event of Default unless it has continued uncured for a period of at least 12 months.

SECTION 5.7. *Issuance of Parity Obligations*. The District may issue or incur additional Parity Obligations from time to time in such principal amount as it determines, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all applicable notice or grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

(b) The Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District, in either case verified by an Independent Accountant or a Financial Consultant or shown in the audited financial statements of the District, plus (at the option of the District) any Additional Revenues, excluding any transfers made to the Water Fund from a Rate Stabilization Fund during such consecutive 12-month period, at least equal 120% of the maximum amount of Debt Service for the current or any future Fiscal Year on the Certificates, all outstanding Parity Obligations, and the Parity Obligations then proposed to be issued. For purposes of the foregoing calculation, with respect to any Parity Obligation 25% or more of the principal or other face amount of which matures or becomes due on the same date or within a 12-month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of such Parity Obligation which matures or becomes due on such date or within such 12-month period shall be treated as if it were to be amortized in substantially equal annual installments during the term of 20 years from the date of calculation.

(c) The District shall provide a written certificate to the Trustee certifying that the conditions set forth in this Section have been satisfied.

SECTION 5.8. *Superior and Subordinate Obligations*. The District shall not issue or incur any additional bonds or other obligations having any priority in payment of principal or interest out of the Gross Revenues or the Net Revenues over the Installment Payments.

Nothing herein limits or affects the ability of the District to issue or incur (a) Parity Obligations under Section 5.7, or (b) obligations that are either unsecured or secured by an interest in the Net Revenues that is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

SECTION 5.9. *Operation of Water System in Efficient and Economical Manner*. The District covenants and agrees to operate the Water System in an efficient and economical manner and to operate, maintain and preserve the Water System in good repair and working order.

SECTION 5.10. *Assignment and Amendment Hereof.* This Agreement may not be assigned by the District in whole or in part. This Agreement may be amended by the District and the Corporation, but only (a) for the purpose of providing for the issuance of Parity Obligations under Section 5.7, or (b) otherwise under the circumstances and to the extent permitted under Sections 8.01 or 8.02 of the Trust Agreement.

SECTION 5.11. *Compliance with Parity Obligation Documents.* The District will observe and perform all of the covenants, agreements and conditions on its part required to be observed and performed under the Parity Obligation Documents. The District will not take or omit to take any action within its control which would, or which if not corrected with the passage of time would, constitute an event of default under and within the meaning of any Parity Obligation Documents.

SECTION 5.12. *Rate Stabilization Fund.* The District may establish a fund to be held by it and administered in accordance with this Section for the purpose of stabilizing the rates and charges imposed by the District with respect to the Water System. From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien that secures the Certificates and any Parity Obligations, as the District may determine. Such deposits for any Fiscal Year may be made until (but not after) 8 months following the end of such Fiscal Year.

The District may, but is not required to, withdraw any amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year for the purpose of paying principal of and interest with respect to the Certificates and any Parity Obligations coming due and payable in such Fiscal Year; provided that withdrawal and deposit for any Fiscal Year may be made until (but not after) 8 months following the end of that Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Water Fund shall constitute Gross Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Water Fund.

Amounts on deposit in the Rate Stabilization Fund shall not be pledged to or otherwise secure the Certificates or any Parity Obligations. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the District relating to the Water System.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.1. *Events of Default Defined*. The following events constitute Events of Default hereunder:

(a) Failure by the District to pay any Installment Payment when due and payable hereunder.

(b) Failure by the District to pay any Additional Payment when due and payable hereunder, and the continuation of such failure for a period of 60 days.

(c) Failure by the District 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 60 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Corporation or the Trustee; *provided, however,* that if the District notifies the Corporation and the Trustee that in its reasonable opinion the failure stated in the notice can be corrected, but not within such 60-day period, such failure will not constitute an Event of Default if the District commences to cure such failure within such 60-day period and thereafter diligently and in good faith cures such failure in a reasonable period of time, such period of time not to exceed 180 days after the delivery date of such notice of failure; provided, however, that the period to remedy rate covenant defaults shall be as set forth in Section 5.6(b).

(d) The filing by the District of a voluntary petition in bankruptcy, or failure by the District promptly to lift any execution, garnishment or attachment, or adjudication of the District as a bankrupt, or assignment by the District for the benefit of creditors, or the entry by the District into an agreement of composition with creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District 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 of any event which constitutes a default under any Parity Obligation, it being understood that the Installment Payments are payable on a parity basis with the payment of the Parity Obligations for all purposes and at all times, including following an Event of Default or a default under any Parity Obligation.

SECTION 6.2. *Remedies on Default*. Whenever any Event of Default has happened and is continuing, the Trustee as assignee of the Corporation has the right, at its option and without any further demand or notice, to take any one or more of the following actions:

(a) Acceleration. Declare all principal components of the unpaid Installment Payments, together with accrued interest thereon at the Overdue Rate 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. Notwithstanding the foregoing provisions of this subsection (a), however, if, at any time after the principal components of the unpaid Installment Payments have been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the District deposits 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 Overdue Rate, and the reasonable fees and 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) have been made good, then, and in every such case, the Trustee shall rescind and annul such declaration and its consequences. However, no such rescission and annulment extends to or affects any subsequent default, or impairs or exhausts any right or power consequent thereon. As provided in Section 6.6, the Trustee is required to exercise the remedies provided herein in accordance with the Trust Agreement.

(b) Action at Law or in Equity. 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 Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Agreement.

(c) Appointment of Receiver. 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 Certificate 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.

SECTION 6.3. *No Remedy Exclusive*. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive, and every such remedy shall be cumulative and shall be in addition to every other remedy given under this 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 Corporation to exercise any remedy reserved to it in this Article VI, it is not necessary to give any notice, other than such notice as may be required in this Article VI or by law.

SECTION 6.4. *Agreement to Pay Attorneys' Fees and Expenses*. If either party to this Agreement defaults under any of the provisions hereof and the nondefaulting party, the Trustee or the Owner of any Certificates employs attorneys or incurs 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. The provisions of this Section 6.4 shall survive the expiration of the Term of this Agreement.

SECTION 6.5. *No Additional Waiver Implied by One Waiver*. If the District or the Trustee breaches any agreement contained in this Agreement and thereafter the other party waives the breach, the waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

SECTION 6.6. *Trustee and Certificate Owners to Exercise Rights*. Such rights and remedies as are given to the Corporation under this Article VI have been assigned by the Corporation to the Trustee under the Trust Agreement, to which assignment the District hereby consents. Such rights and remedies shall be exercised by the Trustee and the Owners of the Certificates as provided in the Trust Agreement.

ARTICLE VII

PREPAYMENT OF INSTALLMENT PAYMENTS

SECTION 7.1. *Security Deposit*. Notwithstanding any other provision of this Agreement, the District may on any date secure the payment of Installment Payments, in whole or in part, by irrevocably depositing with the Trustee an amount of cash which, together with other available amounts, is either

(a) sufficient to pay all such Installment Payments, including the principal and interest components thereof, when due under Section 4.4(a), or

(b) invested in whole or in part in non-callable Federal Securities in such amount as will, in the opinion of an Independent Certified Public 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 under Section 4.4(a).

If a security deposit is posted under this Section for the payment of all remaining Installment Payments, all obligations of the District hereunder, and the pledge of Net Revenues and all other security provided by this Agreement for said obligations, shall cease and terminate, excepting only the obligation of the District to make, or cause to be made, all Installment Payments from such security deposit. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of such Installment Payments in accordance with the provisions hereof.

SECTION 7.2. *Optional Prepayment*. The District is hereby granted an option to prepay the principal components of the Installment Payments in whole or in part on any date on or after February 1, 20____. This prepayment option shall be exercised by payment of a prepayment price equal to the sum of (i) the aggregate principal components of the Installment Payments to be prepaid, (ii) the interest component of the Installment Payment required to be paid on or accrued to such date, and (iii) the premium (if any) then required to be paid upon the corresponding prepayment of the applicable Certificates pursuant to Section 4.01 of the Trust Agreement. Such prepayment price shall be deposited by the Trustee in the Installment Payment Fund to be applied to the prepayment of Certificates pursuant to Section 4.01 of the Trust Agreement. If the District prepays the Installment Payments in part but not in whole, the principal components thereof shall be prepaid among such maturities and in such integral multiples of $5,000 as the District designates in written notice to the Trustee, and if the District fails to designate, by lot, within a maturity. The District shall give the Trustee written notice of its intention to exercise its option not less than 30 days in advance of the date of exercise, or such shorter period of time as may be agreed to by the Trustee.

SECTION 7.3. *Credit for Amounts on Deposit*. In the event of prepayment of the Installment Payments in full under Section 7.2, such that the Trust Agreement is 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 Trust Agreement shall be credited towards the amounts then required to be so prepaid.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. *Further Assurances*. The District 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 Corporation or the Trustee to carry out the intention or to facilitate the performance of this Agreement, including, without limitation, to perfect and continue the security interests herein intended to be created.

SECTION 8.2. *Notices*. Any notice, request, complaint, demand or other communication hereunder shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by electronic mail or other form of telecommunication, at its number or electronic mail address set forth below. Notice shall be effective either (a) upon transmission by electronic mail or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation 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.

If to the District:	South Tahoe Public Utility District 1275 Meadow Crest Drive South Lake Tahoe, California 96150-7401 Attention: Chief Financial Officer Email: info@stpud.us
If to the Corporation:	CSDA Finance Corporation c/o California Special Districts Association 1112 I Street, Suite 200 Sacramento, CA 95814 Attention: Chief Executive Officer
If to the Trustee:	U.S. Bank Trust Company, National Association 1 California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Department

SECTION 8.3. *Governing Law*. This Agreement shall be construed in accordance with and governed by the laws of the State of California.

SECTION 8.4. *Binding Effect*. This Agreement inures to the benefit of and shall be binding upon the Corporation, the District and their respective successors and assigns, subject, however, to the limitations contained herein.

SECTION 8.5. *Severability of Invalid Provisions*. If any one or more of the provisions contained in this Agreement are for any reason 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 Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Corporation and the District each hereby declares that it would have entered into this 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 Agreement may be held illegal, invalid or unenforceable.

SECTION 8.6. *Payment on Non-Business Days*. Whenever any payment is required to be made by the District hereunder on a day which is not a Business Day, such payment shall be made on the immediately preceding Business Day.

SECTION 8.7. *Execution of Counterparts*. This 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 8.8. *Waiver of Personal Liability*. No member of the Board of Directors, officer, agent or employee of the District 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 Agreement; but nothing herein contained shall relieve any such member of the Board of Directors, officer, agent or employee from the performance of any official duty provided by law or by this Agreement.

SECTION 8.9. *Trustee as Third Party Beneficiary*. The Trustee is hereby made a third party beneficiary hereof and shall be entitled to the benefits of this Agreement with the same force and effect as if the Trustee were a party hereto.

Remainder of page intentionally left blank. Signatures on following page.

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

SOUTH TAHOE PUBLIC UTILITY DISTRICT, *as purchaser*

By _____
Andrea Salazar
Chief Financial Officer

Attest

_____
Melonie Guttry
Clerk of the Board

CSDA FINANCE CORPORATION, *as seller*

By _____
Neil McCormick
Chief Executive Officer

APPENDIX A

DESCRIPTION OF THE PROJECT

The Project consists of the following facilities, equipment and upgrades to the Water System, together with other capital expenditures for the Water System approved by the Board of Directors of the District:

_____

_____

_____

_____

_____

_____

APPENDIX B

SCHEDULE OF INSTALLMENT PAYMENTS

Installment Payment Date[(1)]	Principal Component	Interest Component	Total Installment Payment
8/1/27			
2/1/28			
8/1/28			
2/1/29			
8/1/29			
2/1/30			
8/1/30			
2/1/31			
8/1/31			
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2/1/54	
8/1/54	
2/1/55	
8/1/55	
2/1/56	
8/1/56	
2/1/57	
Total	

(1) Installment Payment Dates are the 6th Business Day immediately preceding each Interest Payment Date shown in the table.

TRUST AGREEMENT

by and among

SOUTH TAHOE PUBLIC UTILITY DISTRICT

CSDA FINANCE CORPORATION

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,
as Trustee

Dated as of February 1, 2027

Relating to

$_____
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

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TRUST AGREEMENT

This TRUST AGREEMENT (this "Trust Agreement"), dated as of February 1, 2027, is among the SOUTH TAHOE PUBLIC UTILITY DISTRICT, a public utility district duly organized and existing under the Constitution and laws of the State of California, including particularly Division 7 of the California Public Utilities Code (the "District"), the CSDA FINANCE CORPORATION, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created (the "Trustee").

B A C K G R O U N D :

1. The District owns and operates a public enterprise for the supply, storage and distribution of domestic water within its service area (the "Water System").

2. The District is proceeding to finance certain capital improvement projects for the Water System specified in more detail in the hereinafter-defined Installment Sale Agreement (collectively, the "Project").

3. The Corporation has been formed for the purpose of assisting public agencies such as the District in the financing of public capital improvements, and in order to provide funds to finance the Project, the Corporation has proposed to enter into an Installment Sale Agreement dated as of February 1, 2027 (the "Installment Sale Agreement"), between the Corporation as seller and the District as purchaser, under which the Corporation agrees to provide financing for the Project and to sell the completed Project to the District in consideration of the agreement by the District to pay the purchase price of the Project in semiannual installments (the "Installment Payments").

4. The Installment Payments will be payable from and secured by a pledge of and lien on the net revenues received by the District from the Water System, on a parity basis with the payments of debt service on outstanding Parity Obligations of the District (as defined herein).

5. For the purpose of obtaining the moneys required to provide financing to the District in accordance with the terms of the Installment Sale Agreement, the Corporation, the District and the Trustee have agreed to enter into this Trust Agreement under which the Corporation assigns and transfers certain of its rights under the Installment Sale Agreement to the Trustee, and the Trustee agrees to execute and deliver the Certificates (defined herein), evidencing direct, undivided fractional interests in the Installment Payments as provided herein and in the Installment Sale Agreement.

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the District, the Corporation and the Trustee hereby agree as follows:

ARTICLE I

DEFINITIONS; LEGAL AUTHORITY; RULES OF INTERPRETATION

SECTION 1.01. *Definitions*. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms used in this Trust Agreement have the respective meanings given them in Appendix A attached to this Trust Agreement.

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

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and includes 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 do 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 this Trust Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

THE CERTIFICATES OF PARTICIPATION

SECTION 2.01. *Authorization*. The Trustee is hereby authorized and directed upon written request from the Corporation to register, execute and deliver, to the Original Purchaser, the Certificates in an aggregate principal amount of $_____. The Certificates evidence the direct, undivided fractional interests of the Owners thereof in the Installment Payments.

SECTION 2.02. *Calculation of Interest*. Each Certificate shall be dated as of the Closing Date, and interest represented thereby is payable from the Interest Payment Date next preceding the date of execution thereof, unless:

(a) it is executed after a Record Date and on or before the following Interest Payment Date, in which event interest represented thereby is payable from such Interest Payment Date; or

(b) it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the Closing Date; or

(c) interest represented by such Certificate is in default as of the date of execution of such Certificate, in which event interest represented thereby is payable from the Interest Payment Date to which interest represented thereby has previously been paid or made available for payment.

Interest represented by the Certificates is payable on each Interest Payment Date to and including the date of maturity or prepayment, whichever is earlier. Said interest represents the portion of the Installment Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Installment Payments designated as interest with respect to any Certificate is computed by multiplying the portion of Installment Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year of twelve 30-day months).

SECTION 2.03. *Payment*. Payment of interest represented by any Certificate on any Interest Payment Date shall be made to the person appearing on the Registration Books as the Owner thereof as of the close of business on the Record Date immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such Owner, by first class mail postage prepaid, at such Owner's address as it appears on the Registration Books; *provided, however*, that at the written request of the Owner of Certificates in an aggregate principal amount of at least $1,000,000 on file with the Trustee as of the Record Date preceding any Interest Payment Date, interest represented by such Certificates coming due and payable on such Interest Payment Date shall be paid by wire transfer in immediately available funds to such account in the United States as shall be specified in such written request.

The principal and prepayment price represented by any Certificate at maturity or upon prior prepayment shall be payable in lawful money of the United States of America upon surrender of such Certificate at the Corporate Trust Office of the Trustee.

SECTION 2.04. *Terms of Certificates*. Principal represented by the Certificates is payable on February 1 in each of the respective years and in the respective amounts, and interest represented thereby is computed at the respective rates, as follows:

Maturity Date (February 1)	Principal Amount	Interest Rate

[T] Term Certificates

SECTION 2.05. *Fully Registered Form*. The Certificates will be delivered in the form of fully registered Certificates without coupons in the authorized denominations of $5,000 or any integral multiple thereof, except that no Certificate shall represent principal payable in more than one year. The Certificates will be assigned such alphabetical and numerical designation as the District deems appropriate.

SECTION 2.06. *Book Entry System*.

(a) Original Delivery. The Certificates shall be initially delivered in the form of a separate single fully registered Certificate (which may be typewritten) for each maturity of the Certificates. Upon initial delivery, the ownership of each such Certificate shall be registered on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Certificates shall be registered in the name of the Nominee on the Registration Books.

With respect to Certificates the ownership of which is registered in the name of the Nominee, the District and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the District holds an interest in the Certificates. Without limiting the generality of the immediately preceding sentence, the District and the Trustee have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any notice with respect to the Certificates, including any notice of prepayment, (iii) the selection by the Depository of the beneficial interests in the Certificates to be prepaid in the event the District elects to prepay the Certificates in part, (iv) the payment to any Depository System Participant or any other person, other than a Certificate Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest represented by the

Certificates or (v) any consent given or other action taken by the Depository as Owner of the Certificates.

The District and the Trustee may treat and consider the person in whose name each Certificate is registered as the absolute owner of such Certificate for the purpose of payment of principal, premium, if any, and interest represented by such Certificate, for the purpose of giving notices of prepayment and other matters with respect to such Certificate, for the purpose of registering transfers of ownership of such Certificate, and for all other purposes whatsoever. The Trustee shall pay the principal, interest and premium, if any, represented by the Certificates only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal, interest and premium, if any, represented by the Certificates to the extent of the sum or sums so paid. No person other than a Certificate Owner shall receive a Certificate evidencing the obligation of the District to make payments of principal, interest and premium, if any, under this Trust Agreement.

Upon delivery by the Depository to the Nominee of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the District shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Certificates for the Depository's book-entry system, the District shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Certificates. The execution and delivery of such letter in no way limits the provisions of subsection (a) above or otherwise imposes upon the District or the Trustee any obligation whatsoever with respect to persons having interests in the Certificates other than the Certificate Owners. In addition to the execution and delivery of such letter, the District may take any other actions, not inconsistent with this Trust Agreement, to qualify the Certificates for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Certificates, or (ii) the District determines to terminate the Depository as such, then the District shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the District and the Trustee in the execution and delivery of replacement Certificates by providing the Trustee with a list showing the interests of the Depository System Participants in the Certificates, and by surrendering the Certificates, registered in the name of the Nominee, to the Trustee on or before the date such replacement Certificates are to be executed and delivered. The Depository, by accepting delivery of the Certificates, agrees to be bound by the provisions of this subsection. If, prior to the termination of the Depository acting as such, the District fails to identify another Securities Depository to replace the Depository, then the Certificates shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Certificates shall designate, in accordance with the provisions hereof.

If the District determines that it is in the best interests of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the District may notify the Depository System Participants of the availability of such certificated Certificates through the Depository. In such event, the Trustee will execute, transfer and exchange Certificates as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the District shall cooperate with the Depository in taking appropriate

action (i) to make available one or more separate certificates evidencing the Certificates to any Depository System Participant having Certificates credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Certificates, all at the District's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Trust Agreement to the contrary, so long as any Certificate is registered in the name of the Nominee, all payments with respect to principal, interest and premium, if any, represented by such Certificate and all notices with respect to such Certificate shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.07. *Form and Execution of Certificates*. The Certificates shall be substantially in the form set forth in Appendix B attached hereto and by this reference incorporated herein. An authorized signatory of the Trustee shall execute the Certificates in the name and on behalf of the Trustee. If any person whose signature appears on any Certificate ceases to be an authorized signatory before the date of delivery of said Certificate, such signature shall nevertheless be as effective as if such person had remained an authorized signatory until such date.

SECTION 2.08. *Registration Books*. The Trustee shall keep or cause to be kept sufficient records for the registration and registration of transfer of the Certificates, which shall at all reasonable times upon prior notice be open to inspection by the District and the Corporation during regular business hours; 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 the Registration Books, Certificates as hereinbefore provided.

SECTION 2.09. *Transfer and Exchange*.

(a) Transfer of Certificates. The registration of any Certificate may, in accordance with its terms, be transferred upon the Registration Books by the person in whose name it is registered, in person or by a duly authorized attorney, upon surrender of such Certificate for cancellation at the Corporate Trust Office of the Trustee, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed.

Whenever any Certificate is or Certificates are surrendered for registration of transfer, the Trustee shall execute and deliver a new Certificate or Certificates representing the same maturity, interest rate and aggregate principal amount, in any authorized denominations. The District shall pay all costs of the Trustee incurred in connection with any such transfer, except that the Trustee may require the payment by the Certificate Owner of any tax or other governmental charge required to be paid with respect to such transfer.

Prior to any transfer of the Certificates outside the book-entry system (including, but not limited to, the initial transfer outside the book-entry system) the transferor shall provide or cause to be provided to the Trustee all information necessary to allow the Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Tax Code Section 6045, as amended. The Trustee shall conclusively rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

(b) Exchange of Certificates. Certificates may be exchanged at the Corporate Trust Office of the Trustee, for a like aggregate principal amount of Certificates representing other authorized denominations of the same interest rate and maturity. The District shall pay all costs of the Trustee incurred in connection with any such exchange, except that the Trustee may require the payment by the Certificate Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

(c) Limitations on Transfer or Exchange. The Trustee may refuse to transfer or exchange either (i) any Certificate during the period established by the Trustee for the selection of Certificates for prepayment, or (ii) the portion of any Certificate that has been selected for prepayment under the provisions of Section 4.02.

SECTION 2.10. *Certificates Mutilated, Lost, Destroyed or Stolen*. If any Certificate is mutilated, the Trustee, at the expense of the Owner of such Certificate, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity in replacement for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated. Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed by the Trustee, who shall, upon request of the District, deliver a certificate of destruction to the District. If any Certificate is lost, destroyed or stolen, evidence of such loss, destruction or theft must be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and the District and, if an indemnity satisfactory to the Trustee and the District is given, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like principal amount, interest rate and maturity and numbered as the Trustee shall determine in lieu of and in replacement for the Certificate so lost, destroyed or stolen. The Trustee may require payment of an appropriate fee for each replacement Certificate delivered under this Section and of the expenses which may be incurred by the Trustee in carrying out the duties under this Section. Any Certificate executed and delivered under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally entitled to the benefits of this Trust Agreement with all other Certificates secured by this Trust Agreement. The Trustee is not required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates which may be executed and delivered hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a replacement for a Certificate which has been mutilated, lost, destroyed or stolen, and which has matured, the Trustee may make payment with respect to such Certificate upon receipt of indemnity satisfactory to the Trustee and the District.

SECTION 2.11. *Execution of Documents and Proof of Ownership*. Any request, direction, consent, revocation of consent, or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by Certificate Owners may be in any number of concurrent instruments of similar tenor, and may be signed or executed by such Owners in person or by their attorneys or agents appointed by an instrument in writing for that purpose, or by any bank, trust company or other depository for such Certificates. Proof of the execution of any such instrument, or of any instrument appointing any such attorney or agent, and of the ownership of Certificates shall be sufficient for any purpose of this Trust Agreement (except as otherwise herein provided), if made in the following manner:

(a) The fact and date of the execution by any Owner, attorney or agent of any such instrument and of any instrument appointing any such attorney or

agent, may be proved by a certificate, which need not be acknowledged or verified, of an officer of any bank or trust company located within the United States of America, or of any notary public, or other officer authorized to take acknowledgments of deeds to be recorded in such jurisdictions, that the persons signing such instruments acknowledged before him the execution thereof. Where any such instrument is executed by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate shall also constitute sufficient proof of authority.

(b) The fact of the ownership of Certificates by any person and the amount, the maturity and the numbers of such Certificates and the date of holding the same shall be proved by the Registration Books.

Nothing contained in this Section may be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which the Trustee may deem sufficient. Any request or consent of the Owner of any Certificate binds every future Owner of the same Certificate in respect of anything done or suffered to be done by the Trustee under such request or consent.

ARTICLE III

DISPOSITION OF PROCEEDS; CONSTRUCTION FUND, COSTS OF ISSUANCE FUND

SECTION 3.01. *Application of Proceeds*.

The Trustee shall apply the proceeds received by it from the sale of the Certificates in the amount of $_____ (consisting of the principal amount of the Certificates ($_____), plus original issue premium of $_____, less an underwriter's discount of $_____) on the Closing Date as follows:

(a) The Trustee shall deposit the amount of $_____ in the Costs of Issuance Fund.

(b) The Trustee shall deposit the amount of $_____, constituting the remainder of such proceeds, in the Construction Fund.

The Trustee may, in its discretion, establish a temporary fund or account in its books and records to facilitate such deposits and transfers.

SECTION 3.02. *Costs of Issuance Fund*. The Trustee shall establish and maintain a special fund designated as the "Costs of Issuance Fund" to be held by the Trustee in trust for the benefit of the District, and applied solely as provided herein.

The Trustee shall disburse moneys in the Costs of Issuance Fund to pay the Costs of Issuance of the Certificates. Such disbursements shall be from time to time upon the receipt of written requisitions of the District setting forth the amounts to be disbursed for payment or

reimbursement of Costs of Issuance and the name and address of the person or persons to whom said amounts are to be disbursed, stating that all amounts to be disbursed are for Costs of Issuance properly chargeable to the Costs of Issuance Fund. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

On the date that is three months after the Closing Date, the Trustee shall, without further direction, transfer any amounts remaining in the Costs of Issuance Fund to the Construction Fund to be applied for the purposes thereof, and the Trustee shall thereupon close the Costs of Issuance Fund.

SECTION 3.03. *Construction Fund*. The Trustee shall establish and maintain a special fund designated as the "Construction Fund" to be held by the Trustee in trust and applied solely as provided herein for the benefit of the District. The Trustee shall deposit a portion of the proceeds of the Certificates in the Construction Fund as provided in Section 3.01, any amounts transferred from the Costs of Issuance Fund into the Construction Fund under Section 3.02, and all earnings received from the investment of amounts in the Construction Fund under this Section.

Disbursements from the Construction Fund shall be made by the Trustee upon receipt of written requisitions signed by a District Representative setting forth the amounts to be disbursed for payment or reimbursement of Project Costs and the name and address of the person or persons to whom said amounts are to be disbursed, stating that all amounts to be disbursed are for Project Costs properly payable from the Construction Fund, substantially in the form of Appendix C attached hereto. Each such requisition shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Moneys in the Construction Fund shall be invested and deposited in accordance with this Trust Agreement. Interest earnings and profits from the investment of amounts in the Construction Fund shall be retained by the Trustee in the Construction Fund to be used for the purposes of the Construction Fund.

Upon the filing of a certificate with the Trustee signed by a District Representative stating that the Project has been completed, the Trustee shall transfer any remaining amount in the Construction Fund to the Installment Payment Fund to pay the Installment Payments as they become due and payable, and the Construction Fund shall be closed.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

SECTION 4.01. *Prepayment*.

(a) Optional Prepayment. The Certificates maturing on February 1, 20__, are not subject to optional prepayment. The Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part on any date on or after February 1, 20__, from prepayments of the Installment Payments made at the option of the District under Section 7.2 of the Installment Sale Agreement, at a prepayment price equal to 100% of the principal

amount of Certificates or portions thereof to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium.

The District shall give the Trustee 45 days' written notice of its intention to prepay any Certificates, and the amount of the prepayment price, in sufficient time to enable the Trustee to give notice of such prepayment in accordance with Section 4.03.

(b) Sinking Fund Prepayment. The Certificates maturing on February 1, 20__, February 1, 20__, and February 1, 20__ (collectively, the "Term Certificates") are subject to mandatory sinking fund prepayment by lot on February 1 in each year as set forth in the following table, from the principal components of the Installment Payments relating to the Term Certificates which are required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term Certificates due February 1, 20__

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid

20__ (maturity)

Term Certificates due February 1, 20__

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid

20__ (maturity)

Term Certificates due February 1, 20__

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid

20__ (maturity)

Notwithstanding the foregoing provisions of this subsection, if some but not all of the Term Certificates are prepaid under any of the preceding provisions of this Section, the

aggregate principal amount of the Term Certificates to be prepaid in each year thereafter under this subsection shall be reduced by the aggregate principal amount of Term Certificates so prepaid, to be allocated among sinking fund installments on a pro rata basis in integral multiples of $5,000 such that the resulting amount of principal represented by the Term Certificates subject to prepayment on any date under this subsection is equal to the aggregate principal components of the Installment Payments allocable to the Certificates coming due and payable on such date. A revised sinking fund schedule shall be delivered to the Trustee by the District reflecting such reduction and allocation.

SECTION 4.02. *Selection of Certificates for Prepayment*. Whenever provision is made herein for the prepayment of Certificates and less than all Outstanding Certificates of any one maturity are called for prepayment, the Trustee shall select Certificates for prepayment by lot within a maturity, in accordance with the operational arrangements of the Depository then in effect, if applicable. For the purposes of such selection, Certificates shall be deemed to be composed of $5,000 portions, and any such portion may be separately prepaid. The Trustee shall promptly notify the District and the Corporation in writing of the Certificates or portions thereof so selected for prepayment.

SECTION 4.03. *Notice of Prepayment*. When prepayment is authorized under Section 4.01, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice shall state the prepayment date and prepayment price of the Certificates called for prepayment; if less than all of the then Outstanding Certificates of any maturity are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment; in the case of a Certificate called only in part, shall state the portion of the principal represented thereby which is to be prepaid; in the case of a conditional prepayment notice, shall state that prepayment shall be conditional on the receipt of funds sufficient for such prepayment on the prepayment date; shall require that such Certificates be surrendered on the designated prepayment date at the Corporate Trust Office of the Trustee for prepayment at said prepayment price; and shall state that on the specified date there shall come due and payable upon each Certificate, the principal and premium, if any, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first-class mail with postage prepaid to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books. Such notice shall be mailed at least 20 days but not more than 60 days prior to the prepayment date. In addition, notice of prepayment shall be filed electronically with the Information Services at the time of such mailing to the Certificate Owners. *However,* neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

Prepayment notices may be conditional. The District has the right to rescind any notice of the optional prepayment of the Certificates by written notice to the Trustee on or prior to the date fixed for prepayment. Any notice of optional prepayment shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not

constitute an Event of Default. The District and the Trustee have no liability to the Certificate Owners or any other party related to or arising from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent under this Section.

SECTION 4.04. *Partial Prepayment of Certificates*. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity.

SECTION 4.05. *Effect of Notice of Prepayment*. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Installment Payment Fund, the Certificates shall be due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Corporate Trust Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus any applicable premium and plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, are held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and be payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust, uninvested, for the account of the Owners of the Certificates so to be prepaid.

All Certificates paid at maturity or prepaid prior to maturity under this Article shall be canceled upon surrender thereof and destroyed under Section 12.10.

SECTION 4.06. *Purchase of Certificates in Lieu of Prepayment*. In lieu of prepayment of Certificates as provided in this Article, amounts held by the Trustee for such prepayment shall, at the written request of a District Representative received by the Trustee no later than 60 days prior to the prepayment date, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment under this Section may not exceed the aggregate principal amount of Certificates of such maturity that would otherwise be subject to such prepayment. Any Certificates purchased pursuant to this Section shall be treated as Outstanding Certificates under this Trust Agreement, except to the extent otherwise directed by a District Representative.

ARTICLE V

INSTALLMENT PAYMENTS; INSTALLMENT PAYMENT FUND

SECTION 5.01. *Assignment of Rights in Installment Sale Agreement*. The Corporation hereby irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Corporation, all of its rights in the Installment Sale Agreement (excepting only the Corporation's rights under Sections 4.7, 5.2 and 6.4 thereof, and its rights to give consents and approvals thereunder), including but not limited to all of the Corporation's rights to receive and collect all of the Installment Payments and all other amounts required to be deposited in the Installment Payment Fund.

The Trustee hereby accepts such assignment for the benefit of the Certificate Owners. Such assignment shall neither create any obligations nor give rise to any duties on the part of the Trustee other than those obligations and duties contained herein. The Trustee shall not be liable for any covenants, representations or warranties of the Corporation. All Installment Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Installment Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Installment Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Installment Payment Fund.

SECTION 5.02. *Establishment and Application of Installment Payment Fund*.

(a) The Trustee shall establish and maintain a special fund designated as the "Installment Payment Fund," into which the Trustee shall deposit all Installment Payments paid to the Trustee for such purpose under the Installment Sale Agreement and this Trust Agreement. All moneys at any time deposited by the Trustee in the Installment Payment Fund shall be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation has any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, except only as provided in the Installment Sale Agreement or herein, and such moneys shall be used and applied by the Trustee as hereinafter set forth.

(b) Except as provided in subsection (c) below, the Trustee shall use and withdraw amounts in the Installment Payment Fund solely for the purpose of paying the principal, interest and prepayment premiums (if any) represented by the Certificates as the same are due and payable, in accordance with the provisions of Article II and Article IV.

(c) At the written request of the District, the Trustee shall withdraw and remit to the District any surplus remaining in the Installment Payment Fund, after prepayment and payment of all Certificates, including all premiums and accrued interest (if any), and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made in accordance with Section 12.01.

ARTICLE VI

MONEYS IN FUNDS; INVESTMENT

SECTION 6.01. *Held in Trust*. The moneys and Permitted Investments held by the Trustee under this Trust Agreement are irrevocably held in trust for the benefit of the District and the Owners of the Certificates solely for the purposes herein specified, and such moneys, and any income or interest earned thereon, shall be expended only as provided in this Trust Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the Corporation, the Trustee, the District or the Owner of any Certificates.

SECTION 6.02. *Investments Authorized.* Upon the written direction of the District filed with the Trustee from time to time, moneys held by the Trustee in any fund or account established hereunder shall be invested and reinvested by the Trustee in Permitted Investments which mature not later than the date such moneys are required or estimated by the District to be required to be expended hereunder. In the absence of any written direction of the District directing the investment of uninvested moneys held by the Trustee hereunder, the Trustee shall hold such moneys uninvested. Such investments, if registrable, shall be registered in the name of the Trustee, as trustee or in the name of its nominee, and shall be held by the Trustee. The Trustee may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section and shall be entitled to its customary fee therefor. Such investments and reinvestments shall be made giving full consideration to the time at which funds are required to be available. The Trustee may act as purchaser or agent in the making or disposing of any investment. Whenever in this Trust Agreement any moneys are required to be transferred by the District to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder. The Trustee has no responsibility or liability for any loss suffered in connection with any investment of funds made by it in accordance with this Section. The Trustee shall be entitled to rely conclusively on the investment direction of the District as to the suitability and legality of the directed investments.

The District shall invest amounts held by it in any fund or account established hereunder or under the Installment Sale Agreement in any investments which are authorized for the investment of District funds under the laws of the State of California.

SECTION 6.03. *Accounting*. The Trustee shall furnish to the District, not less than quarterly, an accounting (in the form customarily used by the Trustee) of all investments and other transactions made by the Trustee under this Trust Agreement. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the District specifically waives receipt of such confirmations to the extent permitted by law.

SECTION 6.04. *Allocation of Earnings*. Any income, profit or loss on such investments shall be deposited in or charged to the respective funds from which such investments were made.

SECTION 6.05. *Valuation and Disposition of Investments*.

(a) The District covenants that all investments of amounts deposited in any fund or account created by or under this Trust Agreement, or otherwise containing gross proceeds of the Certificates (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Trust Agreement or the Tax Code) at Fair Market Value as such term is defined in subsection (c) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the District in any written directions of a District Representative.

(b) For the purpose of determining the amount in any fund, the value of Permitted Investments credited to such fund shall be valued by the District at least quarterly at the market value thereof. The Trustee may sell or present for prepayment, any Permitted Investment so purchased by the Trustee whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee shall not be liable or responsible for any loss resulting from any such Permitted Investment.

(c) For purposes of this Section, the term "Fair Market Value" shall mean the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, (iii) the investment is a United States Treasury Security – State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and any related parties do not own more than a 10% beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

ARTICLE VII

THE TRUSTEE

SECTION 7.01. *Appointment of Trustee*. U.S. Bank Trust Company, National Association, is hereby appointed Trustee by the Corporation and the District for the purpose of receiving all moneys required to be deposited with the Trustee hereunder and to allocate, use and apply the same as provided herein. The District agrees that it will maintain a Trustee having a corporate trust office in California, with a reported capital and surplus of at least $50,000,000, duly authorized to exercise trust powers and subject to supervision or examination by Federal or state authority, so long as any Certificates are Outstanding. If such bank or trust company publishes a report of condition at least annually under law or the requirements of any supervising or examining authority above referred to then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The District and the Corporation covenant that they will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this Section, so long as any Certificates are Outstanding.

The Trustee is hereby authorized to pay or prepay the Certificates when duly presented for payment at maturity, or on prepayment, or on purchase by the Trustee as directed by the District prior to maturity in accordance with Section 4.06, and to cancel all Certificates upon payment thereof. The Trustee shall keep accurate records of all funds administered by it and of all Certificates paid and discharged. The Trustee shall be compensated for its services rendered under the provisions hereof.

SECTION 7.02. *Acceptance of Trusts*. The Trustee hereby accepts the trusts imposed upon it hereby, and agrees to perform said trusts, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after curing or waiver of all Events of Default which may have occurred, undertakes to perform such duties and only such duties as are specifically set forth herein, and no implied covenants or obligations shall be read into this Trust Agreement against the Trustee. In case an Event of Default has occurred (which has not been cured or waived), the Trustee may exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) No provision hereof shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if the repayment of such funds or indemnity satisfactory to it against such risk or liability is not assured to it. The Trustee shall be entitled to interest on any amounts advanced by it in the performance of its duties hereunder.

(c) The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers and the Trustee is not responsible for any misconduct or negligence on the part of any attorney, agent or receiver appointed with due care by it hereunder. The Trustee shall be entitled to rely conclusively on the advice or opinion of counsel concerning all matters of trust and its duty hereunder and shall be protected in any action taken or suffered by it hereunder in reliance on such advice or opinion.

(d) The Trustee is not responsible for the validity hereof or for any recital herein, or in the Certificates, or for any of the supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Certificates executed and delivered hereunder or intended to be secured hereby and the Trustee is not bound to ascertain or inquire as to the observance or performance of any covenants, conditions or agreements on the part of the Corporation or the District under the Installment Sale Agreement. The Trustee is not responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with Article VI hereof.

(e) The Trustee is not accountable for the use or application of any Certificates or the proceeds thereof. The Trustee may be the Owner of Certificates secured hereby with the same rights which it would have if not the Trustee; may acquire and dispose of other bonds or evidence of indebtedness of the District with the same rights it would have if it were not the Trustee; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners of Certificates, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Certificates then Outstanding.

(f) In the absence of bad faith on its part, the Trustee shall be protected in acting upon any notice, request, consent, certificate, order, requisition, affidavit, letter, telegram or other paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken or omitted to be taken by the Trustee in good faith hereunder upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Owner of any Certificate, shall be conclusive and binding upon all future Owners of the same Certificate and upon Certificates executed and delivered in exchange therefor or in place thereof.

(g) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed by a Corporation Representative or a District Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been given notice or is deemed to have notice, as provided in Section 7.02(i), shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or

expedient, but may at its discretion secure such further evidence deemed by it to be necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of a Corporation Representative or a District Representative to the effect that an authorization in the form therein set forth has been adopted by the Corporation or the District, as the case may be, as conclusive evidence that such authorization has been duly adopted, and is in full force and effect.

(h) 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. The immunities and exceptions from liability of the Trustee shall extend to its officers, directors, employees and agents.

(i) The Trustee is not required to take notice or be deemed to have notice of any Event of Default hereunder except failure by the District to make any of the Installment Payments to the Trustee required to be made by the District under the Installment Sale Agreement or failure by the Corporation or the District to file with the Trustee any document required hereby or by the Installment Sale Agreement to be so filed subsequent to the delivery of the Certificates by a date certain, unless the Trustee is specifically notified in writing of such default by the Corporation, the District or the Owners of at least 25% in aggregate principal amount of Certificates then Outstanding and all notices or other instruments required hereby or by the Installment Sale Agreement to be delivered to the Trustee must, in order to be effective, be delivered at the Corporate Trust Office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(j) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right (but not the duty) to inspect the Water System including all books, papers and records of the District pertaining to the Water System and the Certificates, and to take such memoranda from and with regard thereto as may be desired.

(k) The Trustee is not required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(l) Notwithstanding anything elsewhere herein with respect to the execution of any Certificates, the withdrawal of any cash, the release of any property, or any action whatsoever within the purview hereof, the Trustee has the right, but is not required, to demand any showings, certificates, opinions, appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action, by the Trustee deemed desirable for the purpose of establishing any right to the execution of any Certificates, the withdrawal of any cash, or the taking of any other action by the Trustee.

(m) Before taking any action referred to in Article XI at the direction of the Certificate Owners, the Trustee may require that a satisfactory indemnity bond or other indemnification acceptable to the Trustee be furnished by the Certificate Owners, or any of them, for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful misconduct in connection with any such action.

(n) All moneys received by the Trustee shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. The Trustee has no liability for interest on any moneys received hereunder except such as may be agreed upon.

(o) The Trustee is not responsible for the sufficiency of the Installment Sale Agreement or its right to receive moneys under the Installment Sale Agreement.

(p) The Trustee is not 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 a majority in aggregate principal amount of the Outstanding Certificates 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, hereunder.

(q) The Trustee is not liable for any error of judgment made by a responsible officer of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts relating thereto.

(r) The Trustee has 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 Certificates.

(s) The Trustee's rights to immunities and protection from liability hereunder and its rights to payment of its fees and expenses survive its resignation or removal and final payment or discharge of the Certificates.

(t) The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct.

(u) The Trustee shall have the right to accept and act upon instructions, including funds transfer instructions ("Instructions") given pursuant to this Trust Agreement and delivered using Electronic Means ("Electronic Means" shall mean the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder); provided, however, that the District and the Corporation shall provide to the Trustee an incumbency certificate listing officers with the authority to

provide such Instructions ("Authorized Officers") and containing specimen signatures of such Authorized Officers, which shall be amended by the District and the Corporation whenever a person is to be added or deleted from the listing. If the District or Corporation elects to give the Trustee Instructions using Electronic Means and the Trustee in its discretion elects to act upon such Instructions, the Trustee's understanding of such Instructions shall be deemed controlling. The District and Corporation understand and agree that the Trustee cannot determine the identity of the actual sender of such Instructions and that the Trustee shall conclusively presume that directions that purport to have been sent by an Authorized Officer listed on the incumbency certificate provided to the Trustee have been sent by such Authorized Officer. The District and Corporation shall be responsible for ensuring that only Authorized Officers transmit such Instructions to the Trustee and that the District, the Corporation and all Authorized Officers are solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt by the District or Corporation. 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 directions conflict or are inconsistent with a subsequent written instruction. The District and the Corporation agree: (i) to assume all risks arising out of the use of Electronic Means to submit Instructions 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; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Instructions to the Trustee and that there may be more secure methods of transmitting Instructions than the method(s) selected by the District and the Corporation; (iii) that the security procedures (if any) to be followed in connection with its transmission of Instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances; and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures.

(v) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(w) In acting or omitting to act pursuant to the Installment Sale Agreement or any other documents executed in connection herewith or therewith, the Trustee shall be entitled to all of the rights, immunities and indemnities

accorded to it under this Trust Agreement and the Installment Sale Agreement, including, but not limited to, this Article.

SECTION 7.03. *Fees, Charges and Expenses of Trustee*. The Trustee shall be paid and reimbursed by the District and the Corporation for reasonable fees for its services rendered hereunder and all advances, counsel fees (including expenses) and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. Upon the occurrence of an Event of Default, but only upon such occurrence, the Trustee shall have a first lien with right of payment prior to payment on account of principal, premium, if any, and interest represented by any Certificate upon the amounts held hereunder for the foregoing fees, charges and expenses incurred by it respectively. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

SECTION 7.04. *Notice to Certificate Owners of Default*. If an Event of Default occurs of which the Trustee has been given or is deemed to have notice, as provided in Section 7.02(i), then the Trustee shall promptly give written notice thereof by first-class mail, postage prepaid, to the Owner of each Outstanding Certificate, unless such Event of Default shall have been cured before the giving of such notice; *provided, however,* that unless such Event of Default consists of the failure by the District to make any Installment Payment when due, the Trustee may elect not to give such notice to the Certificate Owners if and so long as the Trustee in good faith determines that it is in the best interests of the Certificate Owners not to give such notice.

SECTION 7.05. *Removal of Trustee*. So long as no Event of Default has occurred and is continuing the District may, upon at least 30 days' prior written notice and with the consent of the Corporation (such consent not to be unreasonably withheld), remove the Trustee initially appointed, and any successor thereto, by an instrument or concurrent instruments in writing delivered to the Trustee and the Corporation, and may appoint a successor or successors thereto; provided that any such successor shall be a commercial bank or trust company meeting the requirements set forth in Section 7.01.

SECTION 7.06. *Resignation by Trustee.* The Trustee and any successor Trustee may at any time resign by giving written notice by registered or certified mail to the District. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee. Any resignation or removal of the Trustee and appointment of a successor Trustee shall be effective upon acceptance of appointment by the successor Trustee. Upon such acceptance, the District shall mail notice thereof to the Certificate Owners at their respective addresses set forth on the Registration Books.

SECTION 7.07. *Appointment of Successor Trustee*. In the event of the removal or resignation of the Trustee under Sections 7.05 or 7.06, respectively, with the prior written consent of the Corporation, the District shall promptly appoint a successor Trustee. If the District for any reason whatsoever fails to appoint a successor Trustee within 30 days following the delivery to the Trustee of the instrument described in Section 7.05 or within 30 days following the receipt of notice by the District under Section 7.06, at the expense of the District the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee meeting the requirements of Section 7.01. Any such successor Trustee appointed by

such court shall be the successor Trustee hereunder notwithstanding any action by the District purporting to appoint a successor Trustee following the expiration of such 30-day period.

SECTION 7.08. *Merger or Consolidation*. Any company or association into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company or association to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided that such company or association shall be eligible under Section 7.01, shall be the successor to the Trustee and vested with all of the title to the trust estate and all of the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

SECTION 7.09. *Concerning any Successor Trustee*. Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Corporation and the District an instrument in writing accepting such appointment hereunder and thereupon such successor, without any further act, deed or conveyance, shall be fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors; but such predecessor shall, nevertheless, on the written request of the Corporation, or of its successor, execute and deliver an instrument transferring to such successor all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as the Trustee hereunder to its successor. Should any instrument in writing from the Corporation be required by any successor Trustee for more fully and certainly vesting in such successor the estate, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Corporation.

SECTION 7.10. *Non-Liability of Trustee*. The recitals, statements and representations by the District and the Corporation contained herein or in the Certificates shall be taken and construed as made by and on the part of the District and the Corporation, as the case may be, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

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

SECTION 7.11. *Nature of Trust Engagement*. The Trustee undertakes to perform such duties and only such duties as are specifically set forth herein and no implied covenants or obligations shall be read into the Trust Agreement against the Trustee. In accepting the trusts hereby created, the Trustee acts solely as Trustee and not in its individual capacity and all persons, including without limitation the Certificate Owners, the District and the Corporation having any claim against the Trustee arising from the Trust Agreement shall look only to the funds and accounts hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations represented by the Certificates.

ARTICLE VIII

MODIFICATION OR AMENDMENT OF AGREEMENTS

SECTION 8.01. *Amendments Permitted Without Consent of Owners*. This Trust Agreement and the rights and obligations of the Owners of the Certificates, and the Installment Sale Agreement and the rights and obligations of the respective parties thereto, may be modified or amended at any time by a supplemental agreement, without the consent of any of the Certificate Owners, only to the extent permitted by law and only for any one or more of the following reasons:

(a) to add to the covenants and agreements of any party, other covenants to be observed, or to surrender any right or power herein reserved to the District,

(b) to cure, correct or supplement any ambiguous or defective provision contained herein or therein,

(c) in any respect whatsoever in regard to questions arising hereunder or thereunder, as the parties hereto or thereto may deem necessary or desirable and which do not, as evidenced by an opinion of Bond Counsel, materially adversely affect the interests of the Owners of the Certificates,

(d) to provide for matters relating to the issuance of Parity Obligations, or

(e) to amend any provision hereof relating to the Tax Code, to any extent whatsoever but only if and to the extent such amendment does not, as evidenced by an opinion of Bond Counsel, adversely affect the exclusion from gross income of interest represented by the Certificates for federal income tax purposes.

Any such supplemental agreement entered into under this Article will be effective upon execution and delivery by the parties hereto or thereto as the case may be. The Trustee may obtain an opinion of independent counsel stating that any amendment to be accomplished by a supplemental agreement entered into under Sections 8.01 or 8.02 complies with the provisions of this Article and the Trustee may conclusively rely on such opinion.

SECTION 8.02. *Amendments Permitted With Consent of Owners*. Except as permitted under Section 8.01, this Trust Agreement and the rights and obligations of the Owners of the Certificates, and the Installment Sale Agreement and the rights and obligations of the parties thereto, may be modified or amended at any time by a supplemental agreement which will be effective when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 12.04, have been filed with the Trustee.

No modification or amendment under this Section may (a) extend or have the effect of extending the fixed maturity of any Certificate or reducing the interest rate with respect thereto or extending the time of payment of interest, or reducing the amount of principal thereof or reducing any premium payable upon the prepayment thereof, without the express consent of

the Owner of such Certificate, or (b) reduce or have the effect of reducing the percentage of Certificates required for the affirmative vote or written consent to an amendment or modification of the Installment Sale Agreement, without the consent of the Owners of 100% in aggregate principal amount of the Outstanding Certificates, or (c) modify any of the rights or obligations of the Trustee without its written assent thereto.

Any such supplemental agreement may not take effect unless there is filed with the Trustee the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding (exclusive of Certificates disqualified as provided in Section 12.04) and the Trustee has given the notice required below. Each such consent shall be effective only if accompanied by proof of ownership of the Certificates for which such consent is given, which shall be such as is permitted by Section 2.11. Any such consent shall be binding upon the Owner of the Certificate giving such consent and on any subsequent Owner (whether or not such subsequent Owner has notice thereof) unless such consent is revoked in writing by the Owner giving such consent or a subsequent Owner by filing such revocation with the Trustee prior to the date when the notice hereinafter in this Section provided for has been mailed.

After the Owners of the required percentage of Certificates have filed their consents to such supplemental agreement, the Trustee shall mail a notice to the Owners of the Certificates in the manner hereinbefore provided in this Section for the mailing of such supplemental agreement of the notice of adoption thereof, stating in substance that such supplemental agreement has been consented to by the Owners of the required percentage of Certificates and will be effective as provided in this Section (but failure to mail copies of said notice will not affect the validity of such supplemental agreement or consents thereto). A record, consisting of the papers required by this Section to be filed with the Trustee, shall be conclusive proof of the matters therein stated. Such supplemental agreement shall take effect upon the mailing of such last-mentioned notice, and such supplemental agreement shall be deemed conclusively binding upon the parties hereto, the Owners of all Certificates at the expiration of 60 days after such filing, except in the event of a final decree of a court of competent jurisdiction setting aside such consent in a legal action or equitable proceeding for such purpose commenced within such 60-day period.

SECTION 8.03. *Effect of Supplemental Agreement*. From and after the time any supplemental agreement takes effect under this Article, this Trust Agreement or the Installment Sale Agreement, as the case may be, shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners of Certificates Outstanding, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any supplemental agreement shall be deemed to be part of the terms and conditions of this Trust Agreement or the Installment Sale Agreement for any and all purposes.

SECTION 8.04. *Endorsement or Replacement of Certificates Delivered After Amendments*. The District may determine that Certificates shall bear a notation, by endorsement or otherwise, in form approved by the District, as to such action. In that case, upon demand of the Owner of any Certificate Outstanding at such effective date and presentation of such Owner's Certificate for the purpose at the Corporate Trust Office of the Trustee, a suitable notation shall be made on such Certificate. The District may determine that the delivery of substitute Certificates is necessary, so modified as in the opinion of the District to conform to such Certificate Owners' action, which shall thereupon be prepared, executed

and delivered at the expense of the District. In that case, upon demand of the Owner of any Certificate then Outstanding, such substitute Certificate shall be exchanged at the Corporate Trust Office of the Trustee, without cost to such Owner, for a Certificate of the same character then Outstanding, upon surrender of such Outstanding Certificate.

SECTION 8.05. *Amendatory Endorsement of Certificates*. The provisions of this Article do not prevent any Certificate Owner from accepting any amendment as to the particular Certificates held by such Owner, provided that proper notation thereof is made on such Certificates.

ARTICLE IX

OTHER COVENANTS

SECTION 9.01. *Compliance With and Enforcement of Installment Sale Agreement*. The District covenants and agrees with the Trustee, for the benefit of the Owners of the Certificates, to perform all obligations and duties imposed on it under the Installment Sale Agreement.

SECTION 9.02. *Observance of Laws and Regulations*. The District will observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the District, including its right to exist and carry on business as a public agency, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not be abandoned, forfeited or in any manner impaired.

SECTION 9.03. *Recordation and Filing*. The District shall record and file all such documents as may be required by law (and shall take all further actions which may be necessary or be reasonably required by the Trustee (the Trustee having no duty to so require)), all in such manner, at such times and in such places as may be required by law in order fully to preserve, protect and perfect the security of the Trustee and the Certificate Owners.

SECTION 9.04. *Tax Covenants* .

(a) Private Business Use Limitation. The District shall assure that the proceeds of the Certificates are not so used as to cause the Certificates to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(b) Federal Guarantee Prohibition. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(c) No Arbitrage. The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Certificates or of any other obligations which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Certificates to be "arbitrage bonds" within the meaning of Section 148(a) of the Tax Code.

(d) Rebate of Excess Investment Earnings to United States. The District shall calculate or cause to be calculated the Excess Investment Earnings in all respects at the times and in the manner required under the Tax Code. The District shall pay the full amount of Excess Investment Earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code. Such payments shall be made by the District from any source of legally available funds of the District.

The District shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Certificates, records of the determinations made under this subsection. In order to provide for the administration of this subsection, the District may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the District may deem appropriate.

(e) Maintenance of Tax-Exemption. The District shall take all actions necessary to assure the exclusion of the interest component of the Installment Payments from the gross income of the owners of the Certificates to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the date of issuance of the Certificates.

The Trustee has no duty or obligation to monitor or enforce compliance by the District with any of the requirements herein.

SECTION 9.05. *Continuing Disclosure*. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of that certain Continuing Disclosure Certificate executed by the District as of the Closing Date, as originally executed and as it may be amended from time to time in accordance with its terms. Notwithstanding any other provision of this Trust Agreement, failure of the District to comply with such Continuing Disclosure Certificate does not constitute an Event of Default, although any Owner or beneficial owner of the Certificates may take such actions as are granted to it under the Continuing Disclosure Certificate.

SECTION 9.06. *Further Assurances*. The Corporation and the District will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and of the Installment Sale Agreement, and for the better assuring and confirming unto the Owners of the Certificates the rights and benefits provided herein.

ARTICLE X

LIMITATION OF LIABILITY

SECTION 10.01. *Limited Liability of District and Corporation*. Except for the payment of Installment Payments when due in accordance with the Installment Sale Agreement and the performance of the other covenants and agreements of the District contained in the Installment Sale Agreement and herein, the District has no pecuniary obligation or liability to the Corporation, the Trustee or the Owners of the Certificates with respect hereto or the terms,

execution, delivery or transfer of the Certificates, or the distribution of Installment Payments to the Owners by the Trustee, except as expressly set forth herein.

The Corporation has no pecuniary obligation or liability to the District or the Trustee, or to any of the Owners of the Certificates, with respect to the performance by the District of its obligations under the Installment Sale Agreement or this Trust Agreement, with respect hereto or the terms, execution, delivery or transfer of the Certificates, or with respect to the distribution of Installment Payments to the Owners by the Trustee.

SECTION 10.02. *No Liability for Trustee Performance*. Neither the District nor the Corporation has any obligation or liability with respect to the performance by the Trustee of any duty imposed upon it hereunder.

SECTION 10.03. *Indemnification of Corporation and Trustee*. The District shall indemnify and save the Corporation and Trustee, and their respective officers, agents, directors and employees, harmless from and against all claims, losses, costs, expenses, liability and damages, including legal fees and expenses, arising out of or in connection with any of the following:

(a) the use, maintenance, condition or management of, or from any work or thing done on, the Water System by the District,

(b) any breach or default on the part of the District in the performance of any of its obligations hereunder and any other agreement made and entered into for purposes of the Water System,

(c) any act of the District or of any of its agents, contractors, servants, employees, licensees with respect to the Water System,

(d) any act of any assignee of, or purchaser from the District or of any of its agents, contractors, servants, employees or licensees with respect to the Water System,

(e) the actions of any other party, including but not limited to the ownership, operation or use of the Water System by the District,

(f) the Trustee's exercise and performance of its powers and duties hereunder or under the Installment Sale Agreement, or

(g) the execution, delivery and sale of the Certificates.

No indemnification will be made under this Section or elsewhere herein for willful misconduct or gross negligence by the Trustee or the Corporation, or their respective officers, agents, employees, successors or assigns. The District's obligations under this Section shall remain valid and binding notwithstanding the maturity and payment of the Certificates or the resignation or removal of the Trustee.

SECTION 10.04. *Opinion of Counsel*. Before being required to take any action, the Trustee may require an opinion of counsel acceptable to the Trustee, or an opinion of Bond Counsel acceptable to the Trustee with respect to any federal tax matters, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good

faith, the Trustee shall be absolutely protected in relying conclusively on any such opinion or certificate obtained by the Trustee.

SECTION 10.05. *Limitation of Rights to Parties and Certificate Owners*. Nothing herein or in the Certificates expressed or implied is intended or shall be construed to give any person other than the District, the Corporation, the Trustee, and the Owners of the Certificates, any legal or equitable right, remedy or claim under or in respect hereof or any covenant, condition or provision hereof; and all such covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the District, the Corporation, the Trustee, and the Owners.

ARTICLE XI

REMEDIES OF CERTIFICATE OWNERS

SECTION 11.01. *Assignment of Rights*. Under Section 5.01, the Corporation transfers, assigns and sets over to the Trustee all of the Corporation's rights in and to the Installment Sale Agreement (excepting only the Corporation's rights under Sections 4.7, 5.2 and 6.4 thereof and its rights to give approvals and consents thereunder), including without limitation all of the Corporation's rights to exercise such rights and remedies conferred on the Corporation under the Installment Sale Agreement as may be necessary or convenient (a) to enforce payment of the Installment Payments and any other amounts required to be deposited in the Installment Payment Fund, and (b) otherwise to exercise the Corporation's rights and take any action to protect the interests of the Trustee or the Certificate Owners upon the occurrence of an Event of Default.

SECTION 11.02. *Remedies*. If an Event of Default happens, 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 a majority in aggregate principal amount of the Certificates then Outstanding the Trustee (to the extent indemnified as provided herein) shall, exercise any and all remedies available under law or granted under the Installment Sale Agreement.

SECTION 11.03. *Application of Funds*. All moneys held by the Trustee, or received by the Trustee as a result of any right given or action taken under the provisions of this Article or Article VI of the Installment Sale Agreement, shall be applied by the Trustee in the following order:

> First, to the payment of the fees, costs and expenses of the Trustee and of the Certificate Owners in declaring and enforcing such Event of Default, including reasonable compensation to its or their agents, attorneys and counsel, and any outstanding fees and expenses of the Trustee;
>
> Second, to the payment of the whole amount then owing and unpaid with respect to the Certificates for principal and interest, with interest on the overdue principal and installments of interest at the Overdue Rate (but such interest on overdue installments of interest shall be paid only to the extent funds are available therefor following payment of principal and interest and interest on overdue principal, as aforesaid), and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid with respect to the Certificates, then to the payment of such principal and interest without

preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, ratably to the aggregate of such principal and interest.

SECTION 11.04. *Institution of Legal Proceedings*. If one or more Events of Default happen and are continuing, the Trustee in its discretion may, and upon the written request of the Owners of a majority in principal amount of the Certificates then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of the Owners of Certificates by a suit in equity or action at law, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Trustee shall deem most effectual in support of any of its rights or duties hereunder. Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Certificates or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

SECTION 11.05. *Non-waiver*. Nothing in this Article or in any other provision hereof or in the Certificates, affects or impairs the obligation of the District, which is absolute and unconditional, to pay or prepay the Installment Payments as provided in the Installment Sale Agreement, or affects or impairs the right of action, which is also absolute and unconditional, of the Certificate Owners to institute suit to enforce and collect such payment. No delay or omission of the Trustee or any Owner of any of the Certificates to exercise any right or power arising upon the happening of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein, and every power and remedy given by this Article to the Trustee or the Owners of Certificates may be exercised from time to time and as often as shall be deemed expedient by the Trustee or the Certificate Owners.

SECTION 11.06. *Remedies Not Exclusive*. No remedy herein conferred upon or reserved to the Trustee or the Certificate Owners is intended to be exclusive of any other remedy, and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise.

SECTION 11.07. *Power of Trustee to Control Proceedings*. If the Trustee takes any action upon the occurrence of an Event of Default, by judicial proceedings or otherwise, pursuant to its duties hereunder, whether upon its own discretion or upon the request of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, then the Trustee has full power, in the exercise of its discretion for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action.

SECTION 11.08. *Limitation on Certificate Owners' Right to Sue*. No Owner of any Certificate executed and delivered hereunder has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Trust Agreement, unless (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of a majority in aggregate principal amount of all the Certificates then Outstanding have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c)

said Owners have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or omitted to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

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

The right of any Owner of any Certificate to receive payment of said Owner's direct, undivided fractional interest in the Installment Payments as the same come due, or to institute suit for the enforcement of such payment, shall not be impaired or affected without the consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision hereof.

ARTICLE XII

MISCELLANEOUS

SECTION 12.01. *Discharge of this Trust Agreement*. If and when the obligations represented by any Outstanding Certificates shall be paid and discharged in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest and prepayment premiums (if any) represented by such Certificates Outstanding, as and when the same become due and payable; or

(b) by irrevocably depositing with the Trustee or any fiduciary, under an escrow deposit and trust agreement, security for the payment of Installment Payments relating to such Certificates as more particularly described in Section 7.1 of the Installment Sale Agreement, said security to be held by the Trustee on behalf of the District to be applied by the Trustee or by such fiduciary to pay or prepay such Installment Payments as the same become due, under Section 7.1 of the Installment Sale Agreement;

then, notwithstanding that such Certificates shall not have been surrendered for payment, all rights hereunder of the Owners of such Certificates and all obligations of the Corporation, the Trustee and the District with respect to such Certificates shall cease and terminate, except only the obligations of the Trustee under Sections 2.07 and 2.08, and the obligation of the Trustee to pay or cause to be paid, from Installment Payments paid by or on behalf of the District from funds deposited under the preceding paragraph (b) of this Section, to the Owners of such Certificates not so surrendered and paid all sums represented thereby when due and in the event of deposits under the preceding paragraph (b), such Certificates shall continue to

represent direct, undivided fractional interests of the Owners thereof in the Installment Payments.

Any funds held by the Trustee, at the time of discharge of the obligations represented by all Outstanding Certificates as a result of one of the events described in the preceding paragraphs (a) or (b) of this Section, which are not required for the payment to be made to Owners, shall, upon payment in full of all fees and expenses of the Trustee (including attorneys' fees) then due, be paid over to the District.

SECTION 12.02. *Notices*. Any notice, request, complaint, demand or other communication hereunder shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by electronic mail or other form of telecommunication, at its number or electronic mail address set forth below. Notice shall be effective either (a) upon transmission by electronic mail or other form of telecommunication, (b) upon actual receipt after deposit in the United States mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The District, the Corporation, 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.

If to the District:	South Tahoe Public Utility District 1275 Meadow Crest Drive South Lake Tahoe, California 96150-7401 Attention: Chief Financial Officer Email: info@stpud.us
If to the Corporation:	CSDA Finance Corporation c/o California Special Districts Association 1112 I Street, Suite 200 Sacramento, CA 95814 Attention: Chief Executive Officer
If to the Trustee:	U.S. Bank Trust Company, National Association 1 California Street, Suite 1000 San Francisco, CA 94111 Attention: Corporate Trust Department

SECTION 12.03. *Records*. The Trustee shall keep complete and accurate records of all moneys received and disbursed hereunder by the Trustee, which shall be available for inspection by the District, the Corporation and any Owner, or the agent of any of them, upon prior written request during regular business hours.

SECTION 12.04. *Disqualified Certificates*. In determining whether the Owners of the requisite aggregate principal amount of Certificates have concurred in any demand, request, direction, consent or waiver hereunder, Certificates which are owned or held by or for the account of the District or the Corporation (but excluding Certificates held in any employees' retirement fund) shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, *provided, however,* that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver, only Certificates which the Trustee actually knows to be so owned or held shall be

disregarded and provided, further, that if all Certificates are so owned or held, then no such Certificates shall be disregarded, and shall be deemed to be Outstanding hereunder.

SECTION 12.05. *Payment of Certificates After Discharge*. Notwithstanding any provisions hereof, but subject to any applicable laws of the State of California relating to the escheat of funds or property, any moneys held by the Trustee for the payment of the principal or interest represented by any Certificates and remaining unclaimed for two years after the principal represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided herein), if such moneys were so held at such date, or two years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the District free from the trusts created hereby, and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Trustee may (at the cost of the District) first mail, by first class mail postage prepaid, to the Owners of Certificates which have not yet been paid (without liability for interest), at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Certificates so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

SECTION 12.06. *Payment on Business Days*. Whenever in this Trust Agreement any amount is required to be paid on a day which is not a Business Day, such payment shall be required to be made on the Business Day immediately following such day, provided that interest shall not accrue from and after such day.

SECTION 12.07. *Governing Law*. This Trust Agreement shall be construed and governed in accordance with the laws of the State of California.

SECTION 12.08. *Binding Effect; Successors; Benefits Limited to Parties*. This Trust Agreement shall be binding upon and inure to the benefit of the parties, and their respective successors and assigns. Whenever herein the Corporation, the District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements contained herein by or on behalf of the Corporation, the District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not. Nothing herein expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Corporation, the District, the Trustee or the Certificate Owners, any right, remedy or claim hereunder or by reason hereof or of any covenant, condition or stipulation contained herein. All covenants, stipulations, promises and agreements contained herein by or on behalf of the Corporation or the District shall be for the sole and exclusive benefit of the Corporation, the District, the Trustee and the Certificate Owners.

SECTION 12.09. *Execution in Counterparts*. This Trust Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

SECTION 12.10. *Delivery of Canceled Certificates*. Whenever provision is made herein for the surrender to or cancellation by the Trustee of any Certificates, the Trustee shall cancel and destroy such Certificates and, upon request, shall deliver a certificate of destruction with respect thereto to the District.

SECTION 12.11. *Corporation and District Representatives*. Whenever under the provisions hereof the approval of the Corporation or the District is required, or a written certificate, requisition, direction or order is required to be delivered by the District or the Corporation to the Trustee, or the Corporation or the District is required to take some action at the request of the other, such approval or such request shall be given, and such certificate, requisition, direction or order shall be executed, for the Corporation by a Corporation Representative and for the District by a District Representative, and any party hereto shall be authorized to rely upon any such approval, request, certificate, requisition, direction or order.

SECTION 12.12. *Waiver of Notice*. Whenever the giving of notice by mail or otherwise is required hereunder, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 12.13. *Severability of Invalid Provisions*. In case any one or more of the provisions contained herein or in the Certificates shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The parties hereto hereby declare that they would have entered into this Trust Agreement and each and every other section, paragraph, sentence, clause or phrase hereof and authorized the delivery of the Certificates pursuant thereto irrespective of the fact that any one or more sections, paragraphs, sentences, clauses or phrases hereof may be held illegal, invalid or unenforceable.

Remainder of page intentionally left blank. Signatures on following page.

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

SOUTH TAHOE PUBLIC UTILITY DISTRICT

By _____
Andrea Salazar
Chief Financial Officer

Attest

_____
Melonie Guttry
Clerk of the Board

CSDA FINANCE CORPORATION

By _____
Neil McCormick
Chief Executive Officer

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By _____
Samira Nasseri
Assistant Vice President

APPENDIX A

DEFINED TERMS

"Acquisition and Construction" means, with respect to the Project, the acquisition, construction, improvement, equipping, renovation, remodeling or reconstruction thereof.

"Additional Revenues" means, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(a) An allowance for Net Revenues from any additions or improvements to or extensions of the Water System to be made by the District during the 36 month period following the issuance of such Parity Obligations, in an amount equal to 100% of the estimated additional average annual Net Revenues to be derived from all properties which are improved with a structure the construction of which has been completed prior to the date of issuance of such Parity Obligations and to which service will be provided by such additions, improvements and extensions, all as shown by the certificate or opinion of a Financial Consultant.

(b) An allowance for Net Revenues arising from any increase in the charges made for service from the Water System which has been adopted prior to the incurring of such Parity Obligations but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District under Section 5.7 of the Installment Sale Agreement, was not in effect, in an amount equal to the total 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 12-month period, all as shown by the certificate or opinion of a Financial Consultant.

"Bond Counsel" means (a) Jones Hall LLP, or (b) any other attorney or firm of attorneys of nationally recognized expertise with respect to legal matters relating to obligations the interest on which is excludable from gross income for purposes of federal income taxation under Section 103 of the Tax Code.

"Bond Year" means any 12-month period commencing on February 2 in a year and ending on the next succeeding February 1, both dates inclusive; except that the first Bond Year commences on the Closing Date and ends on February 1, 2028.

"Business Day" means a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State of California, or in any state in which the Corporate Trust Office of the Trustee is located, are closed.

"Certificates" means the $_____ aggregate principal amount of South Tahoe Public Utility District 2027 Water Revenue Certificates of Participation executed and delivered and at any time Outstanding hereunder.

"Closing Date" means February ____, 2027, being the day when the Certificates, duly executed by the Trustee, are delivered to the Original Purchaser.

"Construction Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Corporate Trust Office" means, with respect to the Trustee, the corporate trust office of the Trustee at its address set forth in Section 12.02, or at such other or additional offices as may be specified by the Trustee in writing to the District; except that for purposes of the payment, prepayment, cancellation, surrender, transfer or exchange of Certificates, such term means the designated corporate trust operations or agency office of the Trustee.

"Corporation" means the CSDA Finance Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California, and any successor thereto.

"Corporation Representative" means the Chief Executive Officer, President, Secretary or Treasurer of the Corporation, or any other person authorized by resolution of the Board of Directors of the Corporation to act on behalf of the Corporation under or with respect to the Installment Sale Agreement and the Trust Agreement.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution, sale and delivery of the Certificates, including but not limited to filing and recording costs, settlement costs, underwriter's discount, printing costs, reproduction and binding costs, initial fees and charges of the Trustee and its counsel, initial charges of the Corporation, out-of-pocket expenses incurred by the District, financing discounts, legal fees and charges, financial and other professional consultant fees, costs of rating agencies for credit ratings, fees for execution, transportation and safekeeping of the Certificates, and charges and fees in connection with the foregoing.

"Costs of Issuance Fund" means the funds by that name established and held by the Trustee under Section 3.02.

"Debt Service" means, for any period of calculation, the sum of (i) the interest due on the Outstanding Certificates during such period, assuming that the Outstanding Certificates are retired as scheduled, and (ii) the principal amount of the Outstanding Certificates due in such period, including by reason of sinking fund redemption.

"Depository" means, initially, The Depository Trust Company, and its successors and assigns.

"Depository System Participant" means any participant in the Depository's book-entry system.

"District" means the South Tahoe Public Utility District, a public utility district duly organized and existing under the Constitution and laws of the State of California, including particularly Division 7 of the California Public Utilities Code.

"District Representative" means President of the Board of Directors, the Vice President of the Board of Directors, the Clerk of the Board of Directors, the General Manager, the Chief Financial Officer, or any other officer of the District duly authorized by the Board of Directors.

"Event of Default" means an event of default under the Installment Sale Agreement, as described in Section 6.1 thereof.

"Excess Investment Earnings" means an amount required to be rebated to the United States of America under Section 148(f) of the Tax Code due to investment of gross proceeds of the Certificates at a yield in excess of the yield represented by the Certificates.

"Federal Securities" means: (a) non-callable direct obligations (other than an obligation subject to variation in principal repayment) of the United States of America; (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America; (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America.

"Financial Consultant" means any consultant or firm of such consultants appointed by the District and who, or each of whom: (a) is judged by the District to have experience in matters relating to the financing of water systems; (b) is in fact independent and not under domination of the District; (c) does not have any substantial interest, direct or indirect, with the District; and (d) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

"Fiscal Year" means the twelve-month period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected by the District as its fiscal year.

"Gross Revenues" means all gross charges (including surcharges, if any) received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to (a) rates and charges, capacity charges and connection charges, (b) any amounts transferred to the Water Fund from a Rate Stabilization Fund, (c) the proceeds of any *ad valorem* property taxes allocated to the Water System, and (d) investment earnings on amounts held in the Water Fund or in any other fund established with respect to the Water System.

The term "Gross Revenues" does *not* include (i) refundable deposits made to establish credit, and (ii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Water System.

"Independent Certified Public Accountant" means any certified public accountant or firm of such accountants appointed and paid by the District, and who, or each of whom (a) is in fact independent and not under domination of the District; (b) does not have any substantial interest, direct or indirect, with the District; and (c) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make annual or other audits of the books of or reports to the District.

"Information Services" means the Municipal Securities Rulemaking Board's EMMA System; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with

respect to municipal securities as the District may designate in a written request delivered to the Trustee.

"Installment Payment" means all payments required to be paid by the District under Section 4.4 of the Installment Sale Agreement, including any amounts payable upon delinquent installments and including any prepayment thereof under Section 7.2 of the Installment Sale Agreement.

"Installment Payment Date" means, with respect to any Interest Payment Date, the 6th Business Day preceding such Interest Payment Date.

"Installment Payment Fund" means the fund by that name established and held by the Trustee under Section 5.02.

"Installment Sale Agreement" means the Installment Sale Agreement dated as of February 1, 2027, between the District and the Corporation, together with any duly authorized and executed amendments thereto.

"Interest Payment Date" means, with respect to any Certificate, August 1, 2027, and each February 1 and August 1 thereafter to and including the date of maturity or the date of prepayment of such Certificate.

"Moody's" means Moody's Investors Service, and its successors and assigns.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period.

"Nominee" means (a) initially, Cede & Co. as nominee of the Depository, and (b) any other nominee of the Depository designated under Section 2.06(a).

"Operation and Maintenance Costs" means the reasonable and necessary costs and expenses paid by the District to maintain and operate the Water System, including but not limited to (a) costs of purchasing and treating water, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and (d) the reasonable administrative costs of the District attributable to the operation and maintenance of the Water System.

The term "Operation and Maintenance Costs" does *not* include (i) Annual Debt Service, (ii) depreciation, replacement and obsolescence charges or reserves therefor, (iii) amortization of intangibles or other bookkeeping entries of a similar nature, (iv) discretionary payments made by the District not required for operations, such as voluntary prepayment of pension liability, and (v) costs of (including District staff time attributable to) capital additions, replacements, betterments, extensions or improvements to the Water System chargeable to a capital account.

"Original Purchaser" means Oppenheimer & Co. Inc., as original purchaser of the Certificates.

"Outstanding," when used as of any particular time with respect to Certificates, means (subject to the provisions of Section 12.04) all Certificates theretofore executed and delivered by the Trustee hereunder except (a) Certificates theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Certificates paid and discharged in accordance with Section 12.01, provided that, if such Certificates are to be prepaid prior to maturity, notice of such prepayment has been given as provided in Section 4.03 or provision satisfactory to the Trustee has been made for the giving of such notice; and (c) Certificates in lieu of or in exchange for which other Certificates have been executed and delivered by the Trustee under Section 2.09.

"Overdue Rate" means the highest rate of interest represented by any of the Outstanding Certificates.

"Owner," when used with respect to a Certificate, means the person in whose name the ownership of such Certificate shall be registered on the Registration Books.

"Parity Obligation Documents" means each agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Obligations.

"Parity Obligations" means (a) the outstanding obligations of the Water System listed on Appendix D hereto, and (b) all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the District payable from and secured by a pledge of and lien upon any of the Net Revenues issued or incurred on a parity with the Installment Payments under Section 5.7 of the Installment Sale Agreement.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) Any direct or indirect obligations of an agency or department of the United States of America whose obligations represent the full faith and credit of the United States of America, or which are rated A or better by S&P and Moody's.

(c) Interest-bearing deposit accounts (including certificates of deposit, including those placed by a third party pursuant to a separate agreement between the District and the Trustee), demand deposits, time deposits, other deposit products, trust accounts, trust funds, interest bearing deposits, interest bearing money market accounts, overnight bank deposits, federal funds or bankers' acceptances in federal or State chartered savings and loan associations or in federal or State of California banks (including the Trustee or any of its affiliates), provided that: (i) the unsecured obligations of such commercial bank or savings and loan association are rated A or better by S&P and Moody's; or (ii) such deposits are insured by the Federal Deposit Insurance Corporation.

(d) Commercial paper rated in the highest short-term rating category by S&P and Moody's.

(e) Federal funds, bank deposit products or bankers' acceptances with a maximum term of one year of any bank which is an unsecured, uninsured and unguaranteed obligation rated in the highest rating category of S&P and Moody's.

(f) Money market mutual funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of at least AAAm-G, AAAm or AAm (such funds may include funds for which the Trustee, its affiliates, parent or subsidiaries provide investment advisory, custodial, transfer agency or other management services, and for which the Trustee or its affiliate receives and retains a fee for such services to such funds).

(g) Obligations the interest on which is excludable from gross income pursuant to Section 103 of the Tax Code and which are either (a) rated A or better by S&P and Moody's, or (b) fully secured as to the payment of principal and interest by Federal Securities.

(h) Obligations issued by any corporation organized and operating within the United States of America having assets in excess of $500,000,000, which obligations are rated A or better by S&P and Moody's.

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

(j) Any investment agreement with, or guaranteed by, a financial institution the long-term unsecured obligations or the claims paying ability of which are rated A or better by S&P and Moody's at the time of initial investment, by the terms of which all amounts invested thereunder are required to be withdrawn and paid to the Trustee in the event such rating at any time falls below A.

(k) The Local Agency Investment Fund of the State of California, created pursuant to Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Project" means, collectively, the facilities, improvements and other property constituting part of the Water System, the Acquisition and Construction of which are financed in whole or in part from amounts on deposit in the Construction Fund, as set forth in the Installment Sale Agreement. The exact description of the Project shall be made by the District by reference to the plans and specifications therefor.

"Project Costs" means, with respect to the Project, all costs of the Acquisition and Construction thereof which are paid from moneys on deposit in the Construction Fund, including but not limited to:

(a) all costs required to be paid to any person under the terms of any agreement for or relating to the Acquisition and Construction of the Project;

(b) obligations incurred for labor and materials in connection with the Acquisition and Construction of the Project;

(c) the cost of performance or other bonds and any and all types of insurance that may be necessary or appropriate to have in effect in connection with the Acquisition and Construction of the Project;

(d) all costs of engineering and architectural services, including the actual out-of-pocket costs for test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, development fees, sales commissions, and for supervising construction, as well as for the performance of all other duties required by or consequent to the proper Acquisition and Construction of the Project;

(e) any sums required to reimburse the District for advances made for any of the above items or for any other costs incurred and for work done which are properly chargeable to the Acquisition and Construction of the Project;

(f) all Costs of Issuance and other financing costs incurred in connection with the Acquisition and Construction of the Project; and

(g) the interest components of the Installment Payments during the period of Acquisition and Construction of the Project.

"Rate Stabilization Fund" means the fund of that name that may be established by the District under Section 5.11 of the Installment Sale Agreement.

"Record Date" means the close of business on the 15th day of the month preceding each Interest Payment Date, whether or not such 15th day is a Business Day.

"Registration Books" means the records maintained by the Trustee under Section 2.08 for registration of the ownership and transfer of ownership of the Certificates.

"Securities Depository" means, initially, the Depository, and in accordance with then-current guidelines of the Securities and Exchange Commission, such other securities depository as a District Representative may designate in writing to the Trustee under Section 2.06(c).

"S&P" means S&P Global Ratings, and its successors and assigns.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable proposed, temporary and final regulations promulgated, and applicable official guidance published, under the Tax Code.

"Term" means, when used with respect to the Installment Sale Agreement, the time during which the Installment Sale Agreement is in effect, as provided in Section 4.2 thereof.

"Term Certificates" means the Certificates maturing on February 1, 20__, February 1, 20__, and February 1, 20__.

"Trust Agreement" means this Trust Agreement, together with any amendments or supplements hereto permitted to be made under the Trust Agreement.

"Trustee" means U.S. Bank Trust Company, National Association, as Trustee hereunder, or any successor thereto acting as Trustee in accordance with this Trust Agreement.

"Water Fund" means the fund or funds established and held by the District with respect to the Water System, into which all or any part of the Gross Revenues are deposited.

"Water System" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the District, including the Project, and all other properties, structures, or works hereafter acquired and constructed by the District and determined to be a part of the Water System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

APPENDIX B

FORM OF CERTIFICATE OF PARTICIPATION

R-__ ***$_____***

SOUTH TAHOE PUBLIC UTILITY DISTRICT
2027 WATER REVENUE CERTIFICATES OF PARTICIPATION

Evidencing the Direct, Undivided Fractional Interest of the Owner Hereof in Installment Payments to be Made by the

SOUTH TAHOE PUBLIC UTILITY DISTRICT

As the Purchase Price For Certain Property Pursuant to an Installment Sale Agreement with the

CSDA FINANCE CORPORATION

RATE OF INTEREST:	MATURITY DATE:	ORIGINAL ISSUE DATE:	CUSIP:
		February __, 2027	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY THAT the Registered Owner identified above, or registered assigns, as the registered owner (the "Registered Owner") of this Certificate of Participation (this "Certificate") is the owner of a direct, undivided fractional interest in Installment Payments (the "Installment Payments") payable by the South Tahoe Public Utility District, a public utility district duly organized and existing under the Constitution and laws of the State of California, including particularly Division 7 of the California Public Utilities Code (the "District"), under an Installment Sale Agreement dated as of February 1, 2027 (the "Installment Sale Agreement") between the District and the CSDA Finance Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the "Corporation"), as the purchase price for certain property which is to be used in the District's public enterprise for the supply, storage and distribution of domestic water within its service area (the "Water System"). The Installment Payments and certain other rights and interests under the Installment Sale Agreement have been assigned to U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), having a corporate trust office in San Francisco, California (the "Trust Office").

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Sale Agreement, on the Maturity Date identified above, or any earlier prepayment date, the Principal Amount identified above representing a direct, undivided fractional share of the portion of the Installment Payments designated as principal, and to

receive on February 1 and August 1 of each year, commencing August 1, 2027 (the "Interest Payment Dates"), until payment in full of said principal, the Registered Owner's direct, undivided fractional share of the Installment Payments designated as interest coming due during the interest period immediately preceding each of the Interest Payment Dates. Interest represented hereby shall be payable from the Interest Payment Date next preceding the date of execution of this Certificate unless (a) this Certificate is executed after the close of business on the 15th day of the month immediately preceding an Interest Payment Date and on or before such Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or (b) this Certificate is executed on or before July 15, 2027, in which event interest shall be payable from the Original Issue Date identified above.

The Registered Owner's share of the portion of the Installment Payments designated as interest is the result of the multiplication of the aforesaid share of the portion of the Installment Payments designated as principal by the Rate of Interest per annum identified above, calculated on the basis of a 360-day year comprised of twelve 30-day months. Principal represented hereby is payable in lawful money of the United States of America upon surrender hereof at the Trust Office of the Trustee. Interest represented hereby is payable by check mailed by first class mail by the Trustee on each Interest Payment Date to the Registered Owner at such Owner's address as it appears on the registration books of the Trustee as of the close of business on the 15th day of the preceding month; *provided, however,* that at the written request of the owner of Certificates in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of the 15th day of the month preceding an Interest Payment Date, interest represented by such Certificates shall be paid on such Interest Payment Date by wire transfer in immediately available funds to such account within the United States of America as shall be specified in such request.

This Certificate is one of a series designated the "South Tahoe Public Utility District 2027 Water Revenue Certificates of Participation," which have been executed and delivered by the Trustee in the aggregate principal amount of $_____ pursuant to a Trust Agreement dated as of February 1, 2027, among the Trustee, the Corporation and the District (the "Trust Agreement").

The District has certified that it is authorized to enter into the Installment Sale Agreement and the Trust Agreement under the laws of the State of California, for the purpose of financing improvements to the Water System. Reference is hereby made to the Installment Sale Agreement and the Trust Agreement (copies of which are on file at the Trust Office of the Trustee) for a description of the terms on which the Certificates are delivered, the rights thereunder of the owners of the Certificates, the rights, duties and immunities of the Trustee and the rights and obligations of the District under the Installment Sale Agreement, to all of the provisions of the Installment Sale Agreement and the Trust Agreement the Registered Owner of this Certificate, by acceptance hereof, assents and agrees.

The District is obligated under the Installment Sale Agreement to pay the Installment Payments relating to the Certificates from the Net Revenues of the Water System (as such terms are defined in the Trust Agreement). The obligation of the District to pay the Installment Payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay the Installment Payments does not constitute a debt of the District, the State of California or any of its political subdivisions, and does not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

The Certificates maturing on February 1, 20__, are not subject to optional prepayment. The Certificates maturing on or after February 1, 20__, are subject to optional prepayment in whole or in part on any date on or after February 1, 20__, from prepayments of the Installment Payments made at the option of the District under Section 7.2 of the Installment Sale Agreement, at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium.

The Certificates maturing on February 1, 20__, February 1, 20__, and February 1, 20__ (collectively, the "Term Certificates") are subject to mandatory sinking fund prepayment by lot on February 1 in each year as set forth in the following table, from the principal components of the Installment Payments relating to the Term Certificates which are required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term Certificates due February 1, 20__

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid
20__ (maturity)	

Term Certificates due February 1, 20__

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid
20__ (maturity)	

Term Certificates due February 1, 20__

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid
20__ (maturity)	

As provided in the Trust Agreement, notice of prepayment shall be mailed by the Trustee by first class mail, postage prepaid, not less than 20 nor more than 60 days before the prepayment date, to the registered owners of the Certificates to be prepaid, but neither failure to receive such notice nor any defect in the notice so mailed shall affect the sufficiency of the proceedings for prepayment or the cessation of accrual of interest represented thereby. If this Certificate is called for prepayment and payment is duly provided therefor as specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment.

The District has the right to rescind any notice of the optional prepayment of the Certificates by written notice to the Trustee on or prior to the dated fixed for prepayment. Any notice of optional prepayment shall be canceled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an event of default under and as defined in the Trust Agreement. The District and the Trustee have no liability to the Owners of the Certificates or any other party related to or arising from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent under the Trust Agreement.

This Certificate is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at the Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such transfer a new Certificate or Certificates, of authorized denomination or denominations, representing the same aggregate principal amount and representing the same rate of interest, will be delivered to the transferee in exchange herefor. The District, the Corporation and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and the District, the Corporation and the Trustee shall not be affected by any notice to the contrary.

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

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

Unless this Certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Trustee for registration of transfer, exchange, or payment, and any Certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), 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.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by U.S. Bank Trust Company, National Association, as trustee, acting under the Trust Agreement.

Execution Date: February ____, 2027

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

By: _____
Authorized Officer

FORM OF ASSIGNMENT

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

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

the within registered Certificate 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: _____

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution (banks, stockbrokers, saving and loan associations and credit unions with membership in an approved signature medallion program) pursuant to Securities and Exchange Commission Rule 17Ad-15.

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

APPENDIX C

REQUISITION FROM CONSTRUCTION FUND

$_____
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

Requisition No. _____

The undersigned hereby states and certifies that:

(i) I am the duly appointed, qualified and acting _____ of the South Tahoe Public Utility District (the "District") and as such, am familiar with the facts herein certified and am authorized to certify the same;

(ii) I am a "District Representative," as such term is defined in that certain Trust Agreement dated as of February 1, 2027 (the "Trust Agreement"), by and among the District, the CSDA Finance Corporation and U.S. Bank Trust Company, National Association, as trustee (the "Trustee");

(iii) under Section 3.03 of the Trust Agreement, the undersigned hereby requests and authorizes the Trustee to disburse from the Construction Fund established under the Trust Agreement, to each payee designated on Schedule 1 attached hereto and by this reference incorporated herein, the amount set forth opposite such payee, for payment or reimbursement of previous payment of Project Costs (as that term is defined in the Trust Agreement) as described on attached Schedule 1; and

(iv) no portion of the amount herein requested to be disbursed was set forth in any requisition of the District previously filed requesting disbursement from the Construction Fund, and all amounts to be disbursed are for Project Costs properly payable from the Construction Fund.

Dated: _____, 20____

SOUTH TAHOE PUBLIC UTILITY DISTRICT

By: _____
Name:
Title:

SCHEDULE 1

Payee Name and Address	Purpose of Obligation	Amount

APPENDIX D

OUTSTANDING PARITY OBLIGATIONS

Outstanding Obligation	Date of Agreement	Original Principal Amount	Interest Rate	Final Maturity
Installment Sale Agreement between the District and the Public Property Financing Corporation of California (the "2013 Installment Sale Agreement"), funded by Compass Bank (the "2013 Installment Sale Agreement")	April 1, 2013	$10,000,000	2.27%	1/01/2030
Safe Drinking Water State Revolving Fund Funding Agreement No. SRF14C106, Project Number 0910002-016C, between the District and the State Department of Public Health (the "2014 Funding Agreement")	June 23, 2014	$3,503,116	0.00%	1/01/2047
State Revolving Fund Project No. 0910002-010C, Agreement No. D15-02052 (Water Meter Installation Phase 2), between the District and the State Water Resources Control Board (the "2016 Water Meter Phase 2 SRF Agreement").	Aug, 16, 2016	$2,032,745	1.60%	1/01/2037
State Revolving Fund Project No. C-06-8220-110, Agreement No. D17-01007 (Water Meter Installation Phase 3-5), by and between the District and the State Water Resources Control Board (the "2017 Water Meter Installation Phase 3-5 SRF Agreement")	Sep. 28, 2017	$14,010,534	1.80%	10/15/2050
State Revolving Fund Project No. 0910002-027C, Agreement No. D17-02053 (Waterline Replacement Program) between the District and the State Water Resources Control Board (the "2018 Waterline Replacement Program SRF Agreement").	Feb. 2, 2018	$3,627,005	1.70%	7/01/2049
State Revolving Fund Project No. 0910002-028C, Agreement No. D20-02049 (Keller Heavenly Water System Improvements Project), by and between the District and the State Water Resources Control Board (the "2021 Keller Heavenly Water System Improvements SRF Agreement")	Aug. 25, 2021	$5,500,000	1.20%	10/15/2043

State Revolving Fund Project No. 0910002-029C, Agreement No. D2102004 (2022 Waterline Replacement Program) by and between the District and the State Water Resources Control Board (the "2022 Waterline Replacement Program SRF Agreement").	Feb. 23, 2022	$9,000,000	1.20%	1/01/2054
State Revolving Fund Project No. 0910002-030C, Agreement No. D2402006 (Waterline Upgrades and Improvement Project) by and between the District and the State Water Resources Control Board (the "2024 Waterline Upgrades SRF Agreement").	Sep. 5, 2024	$6,934,231 (estimated)	2.30%	10/15/2056
Installment Sale Agreement between the District and CSDA Finance Corporation (the "2025 Installment Sale Agreement"), securing South Tahoe Public Utility District 2025 Water Revenue Certificates of Participation	Jan. 1, 2025	$14,250,000	5.00%	8/1/2054
State Revolving Fund Project No. 0910002-032C, Agreement No. D2502022 (Pioneer Trail Waterline and PRV Upgrade Project) by and between the District and the State Water Resources Control Board (the "2026 Pioneer Trail Waterline and PRV Upgrades SRF Agreement").	Mar. 13, 2026	$4,979,649	1.90%	12/31/2052
State Revolving Fund Project No. 0910002-031C, Agreement No. D2502059 (Glenwood-Rancho, Lake Tahoe Blvd, Tahoe Mountain Waterline Upgrades) by and between the District and the State Water Resources Control Board (the "2026 Glenwood-Rancho SRF Agreement").	Jun. 4, 2026	$13,244,439	2.10%	6/30/2065

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstance shall this Preliminary Official Statement constitute an offer to sell or a 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.

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2027

NEW ISSUE-FULL BOOK-ENTRY **RATING: S&P: "___"**
See "RATING" herein.

In the opinion of Jones Hall LLP, San Mateo, California, Special Counsel, subject, however to certain qualifications described herein, under existing law, the portion of Installment Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The portion of Installment Payments designated as and comprising interest may be subject to the corporate alternative minimum tax. In the further opinion of Special Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$[_____]*
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

Dated: Date of Delivery **Due: February 1, as shown on the inside cover**

Certificate Terms. The above-referenced certificates of participation (the "Certificates") are being executed and delivered by U.S. Bank Trust Company, National Association, as trustee (the "Trustee"), pursuant to a Trust Agreement, dated as of February 1, 2027 (the "Trust Agreement"), by and among the South Tahoe Public Utility District (the "District"), the CSDA Finance Corporation (the "Corporation") and the Trustee. Interest on the Certificates will be payable on February 1 and August 1 of each year, commencing August 1, 2027. Payments of the principal of, premium, if any, and interest on the Certificates will be made directly to The Depository Trust Company ("DTC"), or its nominee, Cede & Co., by the Trustee so long as DTC or Cede & Co. is the registered owner of the Certificates.

Purpose. The Certificates are being executed and delivered to (i) finance capital improvement projects of the District for its Water System, as described herein, and (ii) pay the costs of executing and delivering the Certificates. See "PLAN OF FINANCE."

Registration. The Certificates are being delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of DTC, and will be available to ultimate purchasers in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of Certificates will not receive physical certificates representing their interest in the Certificates. So long as the Certificates are registered in the name of Cede & Co., as nominee of DTC, references herein to the owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the Certificates. Disbursements of payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See APPENDIX D – BOOK-ENTRY SYSTEM.

Prepayment. The Certificates are subject to prepayment prior to maturity. See "THE CERTIFICATES – Prepayment."

Security and Sources of Repayment for Certificates. The Certificates evidence direct, undivided fractional interests in installment payments (the "Installment Payments") to be made by the District to the Corporation under an Installment Sale Agreement, dated as of February 1, 2027 (the "Installment Sale Agreement"), by and between the District and the Corporation. The Corporation's right to receive the Installment Payments has been assigned to the Trustee for the benefit of the Owners of the Certificates. The District's obligation to make the Installment Payments is a special limited obligation of the District, secured by and payable from a pledge of the Net Revenues (defined herein) of the Water System (defined herein) and from amounts on deposit in certain funds and accounts established and held by the Trustee under the Trust Agreement. The District will not fund a debt service reserve fund for the Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES."

Existing and Future Parity Obligations. The District currently has outstanding obligations payable from the Net Revenues on a parity basis with its obligation to pay the Installment Payments. In the future, the District may issue additional obligations secured by a pledge of the Net Revenues of the Water System on a parity with the pledge securing the Installment Payments, subject to the conditions set forth herein. See "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Parity Obligations."

This cover page contains information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Certificates. Investors must read the entire Official Statement before making any investment decision.

The Certificates are offered when, as and if issued and received by the Underwriter and subject to the approval as to their legality by Jones Hall LLP, San Mateo, California, as Special Counsel. Certain legal matters will also be passed upon for the District by Jones Hall LLP, San Mateo, California, as Disclosure Counsel to the District, and by general counsel to the District. Certain legal matters will be passed upon for the Underwriter by its counsel, Kutak Rock LLP, Irvine, California. It is anticipated that the Certificates will be delivered in book-entry form through the facilities of DTC on or about _____, 2027.

[Insert Oppenheimer Logo]

Dated: _____ __, 2027

_____
* Preliminary; subject to change.

MATURITY SCHEDULE

$[_____]*
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

Maturity Date (February 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP †

* Preliminary, subject to change.

† *CUSIP Global Services (CGS) is managed on behalf of American Bankers Association by FactSet Research Systems Inc. Copyright© 2027 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. Neither the District nor the Underwriter nor their agents or counsel assume responsibility for the accuracy of such numbers.*

SOUTH TAHOE PUBLIC UTILITY DISTRICT

BOARD OF DIRECTORS

Shane Romsos, *President*
Nick Haven, *Vice President*
Nick Exline, *Director*
Joel Henderson, *Director*
Kelly Sheehan, *Director*

DISTRICT STAFF

Paul Peschel, *Interim General Manager*
Andrea Salazar, *Chief Financial Officer*
Keith Collins, *District Counsel*
Brent Goligoski, *Engineering Manager*
Adrian Combes, *Director of Operations*

SPECIAL SERVICES

Municipal Advisor

Bartle Wells Associates
Berkeley, California

Special Counsel and Disclosure Counsel

Jones Hall LLP
San Mateo, California

Trustee

U.S. Bank Trust Company, National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Certificates other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

This Official Statement, deemed final by the District, does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Certificates will, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described in this Official Statement, or in the condition of the security for the Certificates since the date of this Official Statement.

This Official Statement is submitted in connection with the sale of the Certificates referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Certificates. Prospective investors should not construe the contents of this Official Statement as legal, tax or investment advice.

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

All references to and summaries of the Trust Agreement, Installment Sale Agreement, or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

The Certificates have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

Certain statements included or incorporated by reference in this Official Statement constitute forward-looking statements. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet the forecasts of the District in any way, regardless of the level of optimism communicated in the information. The District is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites and any links contained within those websites are not incorporated herein by reference and do not constitute part of this Official Statement.

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[PRINTER TO INSERT REGIONAL LOCATION MAP]

OFFICIAL STATEMENT

$[_____]*
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

INTRODUCTION

General

*This Official Statement, including the cover page and appendices hereto, sets forth certain information in connection with the sale of the above-referenced certificates of participation (the "**Certificates**"). This introduction is not a summary of this Official Statement. It is only a brief description of, and guide to, and is qualified by more complete and detailed information contained in, the entire Official Statement, including the cover page and appendices hereto, and the documents described herein.*

Certificate Terms and Application of Proceeds

The Certificates are being executed and delivered by U.S. Bank Trust Company, National Association, as trustee (the "**Trustee**"), pursuant to a Trust Agreement, dated as of February 1, 2027 (the "**Trust Agreement**"), by and among the South Tahoe Public Utility District (the "**District**"), the CSDA Finance Corporation, a California non-profit benefit corporation (the "**Corporation**"), and the Trustee. Interest on the Certificates will be payable on February 1 and August 1 of each year, commencing August 1, 2027. Payments of the principal of, premium, if any, and interest on the Certificates will be made directly to The Depository Trust Company ("**DTC**"), or its nominee, Cede & Co., by the Trustee so long as DTC or Cede & Co. is the registered owner of the Certificates. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS" or, if not defined therein, shall have the meanings assigned to such terms in the Trust Agreement.

The Certificates are being executed and delivered to (i) finance a portion of the cost of capital improvement projects of the District for its Water System, as described herein, and (ii) pay the costs of executing and delivering the Certificates. See "PLAN OF FINANCE."

The District and the Water System

The District was chartered in 1950 and operates on the south shore of Lake Tahoe. The District supplies drinking water and provides wastewater collection, treatment, and effluent disposal services to residents and business in and around the City of South Lake Tahoe. The District maintains a total of 15 wells, with water supply currently provided by 11 active supply wells and four standby wells. The District also maintains 30 observation wells for groundwater level monitoring. The District's water storage and distribution consists of 16 booster pump stations, 19 storage tanks, 23 pressure-reducing valves, and 251 miles of potable water pipe. Due to the topography of the District's service area, the overall distribution system is separated into 15 pressure zones. The District also recycles 100% of its wastewater, which is then exported out of the Tahoe Basin to facilities in Alpine County.

* Preliminary; subject to change.

For additional information regarding the District and the population that it serves, see "THE DISTRICT" and APPENDIX A – "GENERAL INFORMATION ABOUT THE CITY OF SOUTH LAKE TAHOE AND EL DORADO COUNTY."

The Certificates

The Certificates will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on [February] 1 and [August] 1, commencing [August] 1, 2027 (each, an "**Interest Payment Date**"), and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Certificates will be delivered as fully registered certificates, registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"), and will be available to ultimate purchasers ("**Beneficial Owners**") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of bonds representing their ownership interest in the Certificates. See "THE CERTIFICATES."

The Certificates are subject to prepayment prior to maturity as described herein. See "THE CERTIFICATES – Prepayment."

Security for the Certificates

The Certificates evidence direct, undivided fractional interests in installment payments (the "**Installment Payments**") to be made by the District to the Corporation under an Installment Sale Agreement, dated as of February 1, 2027 (the "**Installment Sale Agreement**"), by and between the District and the Corporation. The Corporation's right to receive the Installment Payments has been assigned to the Trustee for the benefit of the Owners of the Certificates. The District's obligation to make the Installment Payments is a special limited obligation of the District, secured by and payable from a pledge of the Net Revenues (defined herein) of the Water System (defined herein) and from amounts on deposit in certain funds and accounts established and held by the Trustee under the Trust Agreement.

No Reserve Fund

The District will not fund a debt service reserve fund for the Certificates.

Further Information

The summaries and references of the Installment Sale Agreement, the Trust Agreement and other documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to the Installment Sale Agreement, the Trust Agreement and each such document, statute, report or instrument. See APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS" for a summary of certain terms of the Installment Sale Agreement and the Trust Agreement not summarized in the main body of this Official Statement.

THE CERTIFICATES

General

The Certificates will be dated their date of execution and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable on each Interest Payment Date and will mature on the dates and in the amounts set forth on the inside cover page hereof. The Certificates will be issued in denominations of $5,000 or any integral multiple thereof, so long as no Certificate may have more than one maturity date. The Certificates will be issued only as one fully registered Certificate for each maturity, in the name of Cede & Co., as nominee for DTC, as registered owner of all Certificates. See APPENDIX D – "BOOK ENTRY SYSTEM." Ownership may be changed only upon the registration books maintained by the Trustee as provided in the Trust Agreement.

The interest represented by each Certificate is payable from the Interest Payment Date next preceding the date of execution thereof, unless:

(a) it is executed after a Record Date and on or before the following Interest Payment Date, in which event interest represented thereby is payable from such Interest Payment Date; or

(b) it is executed on or before the first Record Date, in which event interest represented thereby shall be payable from the Closing Date; or

(c) interest represented by such Certificate is in default as of the date of execution of such Certificate, in which event interest represented thereby is payable from the Interest Payment Date to which interest represented thereby has previously been paid or made available for payment.

Interest represented by the Certificates is payable on each Interest Payment Date to and including the date of maturity or prepayment, whichever is earlier. Said interest represents the portion of the Installment Payments designated as interest and coming due on each of the respective Interest Payment Dates. The share of the portion of Installment Payments designated as interest with respect to any Certificate is computed by multiplying the portion of Installment Payments designated as principal represented by such Certificate by the rate of interest represented by such Certificate (on the basis of a 360-day year of twelve 30-day months).

Interest on the Certificates (including the final interest payment upon maturity or prepayment) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided, that at the written request of the Owner of at least $1,000,000 aggregate principal amount of Certificates, which written request is on file with the Trustee as of any Record Date, interest on such Certificates will be paid on the succeeding Interest Payment Date to such account in the United States as specified in such written request.

Prepayment

Optional Prepayment. The Certificates maturing on or before February 1, 20___, are not subject to optional prepayment prior to the respective stated maturities. The Certificates maturing on or after February 1, 20___, are subject to optional prepayment in whole or in part on any date on or after February 1, 20___, from prepayments of the Installment Payments made at the option of the District under the Installment Sale Agreement, at a prepayment price equal to 100% of the principal amount of Certificates or portions thereof to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium.

Sinking Fund Prepayment. The Certificates maturing on February 1, 20___, February 1, 20___ and February 1, 20___ (the "**Term Certificates**") are subject to mandatory sinking fund prepayment by lot on February 1 in each year as set forth in the following table, from the principal components of the Installment Payments relating to the Term Certificates which are required to be paid with respect to each of such dates, at a prepayment price equal to 100% of the principal amount to be prepaid, together with accrued interest represented thereby to the prepayment date, without premium, as follows:

Term Certificates due February 1, 20___

Sinking Fund Prepayment Date (February 1)	Principal Amount To Be Prepaid

Notice of Prepayment. When prepayment is authorized or required under the Trust Agreement, the Trustee shall give notice of the prepayment of the Certificates on behalf and at the expense of the District. Such notice shall state the prepayment date and prepayment price of the Certificates called for prepayment; if less than all of the then Outstanding Certificates of any maturity are to be called for prepayment, shall designate the numbers of the Certificates to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment or by stating that all of the Certificates of one or more maturities have been called for prepayment; in the case of a Certificate called only in part, shall state the portion of the principal represented thereby which is to be prepaid; in the case of a conditional prepayment notice, shall state that prepayment shall be conditional on the receipt of funds sufficient for such prepayment on the prepayment date, shall require that such Certificates be surrendered on the designated prepayment date at the Corporate Trust Office of the Trustee for prepayment at said prepayment price and shall state that on the specified date there shall come due and payable upon each Certificate, the principal and premium, if any, together with interest accrued to said date, and that from and after such date interest with respect thereto shall cease to accrue and be payable.

Notice of such prepayment shall be mailed by first class mail with postage prepaid, to the Owners of Certificates designated for prepayment at their respective addresses appearing on the Registration Books. Such notice shall be mailed at least 20 days but not more than 60 days prior to the prepayment date. In addition, notice of prepayment shall be filed electronically with the Information Services at the time of such mailing to the Certificate Owners. However, neither failure to receive such notice so mailed nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of such Certificates or the cessation of accrual of interest represented thereby from and after the date fixed for prepayment.

Rescission of Notice of Prepayment. The District has the right to rescind any notice of the optional prepayment of the Certificates by written notice to the Trustee on or prior to the date fixed for prepayment. Any notice of optional prepayment shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for prepayment for the payment in full of the Certificates then called for prepayment, and such cancellation shall not constitute an Event of Default. The District and the Trustee have no liability to the Certificate Owners or any other party related to or arising from such rescission of prepayment. The Trustee shall mail notice of such rescission of prepayment in the same manner as the original notice of prepayment was sent under this Section.

Consequences of Notice. Moneys for the prepayment (including the interest to the applicable date of prepayment) of Certificates having been set aside in the Installment Payment Fund, the Certificates shall be due and payable on the date of such prepayment, and, upon presentation and surrender thereof at the Corporate Trust Office of the Trustee, said Certificates shall be paid at the unpaid principal amount (or applicable portion thereof) represented thereby plus any applicable premium and plus interest accrued and unpaid to said date of prepayment.

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, together with interest represented thereby to said date of prepayment, shall be held by the Trustee so as to be available therefor on such date of prepayment, then, from and after said date of prepayment, interest represented by the Certificates shall cease to accrue and be payable. All moneys held by the Trustee for the prepayment of Certificates shall be held in trust, uninvested, for the account of the Owners of the Certificates so to be prepaid.

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

Purchase in Lieu of Prepayment. In lieu of prepayment of Certificates as provided above, amounts held by the Trustee for such prepayment shall, at the written request of a District Representative received by the Trustee no later than 60 days prior to the prepayment date, be applied by the Trustee to the purchase of Certificates at public or private sale as and when and at such prices (including brokerage, accrued interest and other charges) as the District may in its discretion direct, but not to exceed the prepayment price which would be payable if such Certificates were prepaid. The aggregate principal amount of Certificates of the same maturity purchased in lieu of prepayment under the Trust Agreement may not exceed the aggregate principal amount of Certificates of such maturity which would otherwise be subject to such prepayment. Any Certificates purchased pursuant to this Section shall be treated as Outstanding Certificates under this Trust Agreement, except to the extent otherwise directed by a District Representative.

PLAN OF FINANCE

The Project

Proceeds of the Certificates will be used to (i) finance a portion of the cost of the District's Project, and (ii) pay the costs of issuing the Certificates.

The "**Project**" is anticipated to consist of capital improvement projects for the Water System, including water tank coatings, waterline improvements, well rehabilitation projects, backup power facilities, generators, field communication upgrades, and well and pump upgrades and replacements.

Estimated Sources and Uses of Funds

The following sets forth the estimated sources and uses of funds related to the Certificates.

Sources of Funds:	
Principal Amount of Certificates	$
Plus/Less: [Net] Original Issue Premium/Discount	
Total Sources of Funds	$
Uses of Funds:	
Deposit to Construction Fund	$
Costs of Issuance [(1)]	
Underwriter's Discount	
Total Uses of Funds	$

(1) Represents funds to be used to pay costs of issuance, which include fees of Special Counsel, Disclosure Counsel, Municipal Advisor, Trustee, and rating agency; printing costs; and other miscellaneous expenses.

Debt Service Schedules

The following table shows, for each Fiscal Year ending the last day of June, the principal of and interest that is payable on the Certificates, assuming no optional prepayments.

Fiscal Year Ending June 30	Principal	Interest	Total
Total			

The following table shows, for each Fiscal Year ending June 30, the principal of and interest that is payable on the Certificates and outstanding obligations of the District payable from Net Revenues of the Water System on a parity basis with the Certificates. This table assumes no prepayments or early redemptions of the outstanding obligations. See "– General," above and "FINANCIAL MATTERS OF THE DISTRICT – Outstanding Long-Term Debt.

Fiscal Year Ending June 30,	2013 Bank Loan	2014 DPH Loan (Water Meters Phase 1)	2016 SRF Loan (Water Meters Phase 2)	2017 SRF Loan (Water Line Replacement)	2017 SRF Loan (Water Meters Phases 3-5)	2021 / 2024 SRF Loan (Keller Heavenly) (1)	2021 SRF Loan (Water Line Replacement) (1)	2024 SRF Loan (Herb Walk Bijou) (1)	2025 Certificates of Participation	2026 SRF Loan (Waterline Upgrades)(1)	2026 SRF Loan (Pioneer Trail)(1)	The Certificates*	Total
2027	$475,571	$116,771	$64,408	$145,808	$426,072	$310,904	$355,678	--	$712,500	$113,272	$12,189	--	$2,733,172
2028	475,571	116,771	64,408	145,808	426,072	310,904	355,678	$410,401	712,500	210,843	24,259	$960,000	4,213,214
2029	475,571	116,771	64,408	145,808	426,072	310,904	355,678	410,401	712,500	266,858	251,663	960,000	4,496,634
2030	475,571	116,771	64,408	145,808	426,072	310,904	355,678	410,401	712,500	599,525	251,663	960,000	4,829,302
2031	--	116,771	64,408	145,808	426,072	310,904	355,678	410,401	1,000,125	599,525	251,663	960,000	4,641,356
2032	--	116,771	64,408	145,808	426,072	310,904	355,678	410,401	1,000,000	599,525	251,663	960,000	4,641,231
2033	--	116,771	64,408	145,808	426,072	310,904	355,678	410,401	999,125	599,525	251,663	960,000	4,640,356
2034	--	116,771	64,408	145,808	426,072	310,904	355,678	410,401	997,500	599,525	251,663	960,000	4,638,731
2035	--	116,771	64,408	145,808	426,072	310,904	355,678	410,401	1,000,000	599,525	251,663	960,000	4,641,231
2036	--	116,771	64,408	145,808	426,072	310,904	355,678	410,401	996,625	599,525	251,663	960,000	4,637,856
2037	--	116,771	32,204	145,808	426,072	310,904	355,678	410,401	997,375	599,525	251,663	960,000	4,606,402
2038	--	116,771	--	145,808	426,072	310,904	355,678	410,401	997,125	599,525	251,663	960,000	4,573,948
2039	--	116,771	--	145,808	426,072	310,904	355,678	410,401	1,000,750	599,525	251,663	960,000	4,577,573
2040	--	116,771	--	145,808	426,072	310,904	355,678	410,401	998,250	599,525	251,663	960,000	4,575,073
2041	--	116,771	--	145,808	426,072	310,904	355,678	410,401	999,625	599,525	251,663	960,000	4,576,448
2042	--	116,771	--	145,808	426,072	310,904	355,678	410,401	999,750	599,525	251,663	960,000	4,576,573
2043	--	116,771	--	145,808	426,072	310,904	355,678	410,401	998,625	599,525	251,663	960,000	4,575,448
2044	--	116,771	--	145,808	426,072	310,904	355,678	410,401	996,250	599,525	251,663	960,000	4,573,073
2045	--	116,771	--	145,808	426,072	310,903	355,678	410,401	997,500	599,525	251,663	960,000	4,574,322
2046	--	116,771	--	145,808	426,072	--	355,678	410,401	997,250	599,525	251,663	960,000	4,263,169
2047	--	116,771	--	145,808	426,072	--	355,678	410,401	1,000,375	599,525	251,663	960,000	4,266,294
2048	--	--	--	145,808	426,072	--	355,678	410,401	996,875	599,525	251,663	960,000	4,146,023
2049	--	--	--	145,808	426,072	--	355,678	410,401	996,750	599,525	251,663	960,000	4,145,898
2050	--	--	--	123,792	426,072	--	355,678	410,401	999,750	599,525	251,663	960,000	4,126,882
2051	--	--	--	--	--	--	355,678	410,401	995,875	599,525	251,663	960,000	3,573,143
2052	--	--	--	--	--	--	355,678	410,401	1,000,000	599,525	251,663	960,000	3,577,268
2053	--	--	--	--	--	--	355,678	410,401	997,000	599,525	251,663	960,000	3,574,268
2054	--	--	--	--	--	--	355,678	410,401	996,875	599,525	--	960,000	3,322,480
2055	--	--	--	--	--	--	--	410,401	999,375	599,525	--	960,000	2,969,302
2056	--	--	--	--	--	--	--	410,401	--	599,525	--	960,000	1,969,927
2057	--	--	--	--	--	--	--	410,401	--	599,525	--	960,000	1,969,927
2058	--	--	--	--	--	--	--	--	--	599,525	--	--	599,525
2059	--	--	--	--	--	--	--	--	--	599,525	--	--	599,525

** Preliminary; subject to change.*

(1) Debt service is preliminary and subject to finalization by the State Water Resources Control Board ("**SWRCB**").

SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES

Pledge of Net Revenues; Definitions

Pledge of Net Revenues. Under the Installment Sale Agreement, all of the Net Revenues, and all moneys on deposit in funds and accounts established and held by the Trustee under the Trust Agreement, are irrevocably pledged to the punctual payment of the Installment Payments. Such pledge constitutes a lien on and security interest in the Net Revenues and such other moneys for the payment of the Installment Payments in accordance with the terms hereof. Such pledge and lien on, and security interest in, the Net Revenues shall be on a parity with the pledge, lien and security interest which secures the Parity Obligations.

"**Gross Revenues**" means all gross charges (including surcharges, if any) received for, and all other gross income and receipts derived by the District from, the ownership and operation of the Water System or otherwise arising from the Water System, including but not limited to (a) rates and charges, capacity charges and connection charges, (b) any amounts transferred to the Water Fund from a Rate Stabilization Fund, (c) the proceeds of any *ad valorem* property taxes allocated to the Water System, and (d) investment earnings on amounts held in the Water Fund or in any other fund established with respect to the Water System. The term "Gross Revenues" does *not* include (i) refundable deposits made to establish credit, and (ii) the proceeds of any special assessments or special taxes levied upon real property within any improvement district served by the District for the purpose of paying special assessment bonds or special tax obligations of the District relating to the Water System.

"**Net Revenues**" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs coming payable during such period.

"**Water System**" means all drinking water collection, transport, treatment, storage, and delivery facilities, including land and easements thereof, owned by the District, including the Project, and all other properties, structures, or works hereafter acquired and constructed by the District and determined to be a part of the Water System, together with all additions, betterments, extensions, or improvements to such facilities, properties, structures, or works, or any part thereof hereafter acquired and constructed.

"**Operation and Maintenance Costs**" means the reasonable and necessary costs and expenses paid by the District to maintain and operate the Water System, including but not limited to (a) costs of purchasing and treating water, (b) costs of electricity and other forms of energy supplied to the Water System, (c) the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and (d) the reasonable administrative costs of the District attributable to the operation and maintenance of the Water System. The term "Operation and Maintenance Costs" does not include (i) Annual Debt Service, (ii) depreciation, replacement and obsolescence charges or reserves therefor, (iii) amortization of intangibles or other bookkeeping entries of a similar nature, (iv) discretionary payments made by the District not required for operations, such as voluntary prepayment of pension liability, and (v) costs of (including District staff time attributable to) capital additions, replacements, betterments, extensions or improvements to the Water System chargeable to a capital account.

Water Fund; Flow of Funds

Receipt, Deposit and Application of Gross Revenues and Net Revenues.

Water Fund; Gross Revenues. The District has previously established the Water Fund, which it will continue to hold and maintain for the purposes and uses set forth herein. The District will deposit all Gross Revenues in the Water Fund promptly upon the receipt thereof, and will apply amounts in the Water Fund solely for the uses and purposes set forth in the Installment Sale Agreement and purposes set forth in the Parity Obligation Documents. The District shall pay Operation and Maintenance Costs from the Water Fund.

Payments from Net Revenues. In addition to withdrawals required to pay principal of and interest on the outstanding Parity Obligations when due, the District shall withdraw amounts on deposit in the Water Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

Payment of Installment Payments and Parity Obligations. On or before each Installment Payment Date, the District shall withdraw from the Water Fund and transfer to the Trustee for deposit in the Installment Payment Fund an amount of Net Revenues which, together with the balance then on deposit in the Installment Payment Fund, is equal to the aggregate amount of the Installment Payment coming due and payable on the next succeeding Interest Payment Date. In addition, the District shall withdraw from the Water Fund and pay the principal of and interest on any Parity Obligations from Net Revenues, without preference or priority among the Installment Payments and Parity Obligations. If the amount of Net Revenues on deposit in the Water Fund is at any time insufficient to enable the District to pay when due the Installment Payments and the principal of and interest on the Parity Obligations, such payments shall be made on a pro rata basis.

Reserve Fund Deposits and Transfers. Promptly upon receipt by the District of knowledge that the amount on deposit in any reserve fund established for any Parity Obligation has fallen below the amount required to be on deposit therein (or that there is an amount due to any provider of an insurance policy on deposit in any reserve fund), the District shall promptly (I) withdraw such amount due from available Net Revenues on deposit in the Water Fund, and (II) transfer such amount for deposit in such Parity Obligations reserve fund (or to the provider of such insurance policy). If the amount of Net Revenues on deposit in the Water Fund is any time insufficient to enable the District to pay when due all amounts required by this subsection (B), such payments shall be made on a pro rata basis.

Other Permitted Uses of Net Revenues. The District shall manage, conserve and apply moneys in the Water Fund in such a manner that all deposits required to be made under the Installment Sale Agreement and the documents authorizing the issuance of any Parity Obligations will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default has occurred and is continuing, the District may at any time use and apply moneys in the Water Fund for any one or more of the following purposes: (i) the payment of the Operation and Maintenance Costs of the Water System, (ii) the acquisition and construction of extensions and betterments to the Water System, (iii) the redemption of any of the Certificates or Parity Obligations that are then subject to redemption or the purchase thereof from time to time in the open market, at prices and in such manner, either at public or private sale, or otherwise, as the District in its discretion may determine; or (iv) any other lawful purpose of the District relating to the Water System.

No Reserve Fund

The District will not fund a debt service reserve fund for the Certificates.

Installment Payment Fund; Corporation's Assignment of Rights

Establishment and Application of Installment Payment Fund. Under the Trust Agreement, the Trustee establishes and maintains a special fund designated as the "Installment Payment Fund," into which the Trustee deposits all Installment Payments paid to the Trustee for such purpose under the Installment Sale Agreement and the Trust Agreement. All moneys at any time deposited by the Trustee in the Installment Payment Fund shall be held by the Trustee in trust for the benefit of the District and the Owners of the Certificates. So long as any Certificates are Outstanding, neither the District nor the Corporation has any beneficial right or interest in the Installment Payment Fund or the moneys deposited therein, except only as provided in the Installment Sale Agreement or herein, and such moneys shall be used and applied by the Trustee as set forth in the Trust Agreement.

The Trustee will use and withdraw amounts in the Installment Payment Fund solely for the purpose of paying the principal, interest and prepayment premiums (if any) represented by the Certificates as the same are due and payable, in accordance with the provisions of the Trust Agreement.

At the written request of the District, the Trustee will withdraw and remit to the District any surplus remaining in the Installment Payment Fund, after prepayment and payment of all Certificates, including all premiums and accrued interest (if any), and payment of any applicable fees and expenses to the Trustee, or provision for such prepayment or payment having been made in accordance with the Trust Agreement.

Assignment of Rights in Installment Sale Agreement. Under the Trust Agreement, the Corporation irrevocably transfers, assigns and sets over to the Trustee, without recourse to the Corporation, certain of its rights in the Installment Sale Agreement, including all of the Corporation's rights to receive and collect all of the Installment Payments and all other amounts required to be deposited in the Installment Payment Fund, and the Trustee accepts such assignment for the benefit of the Certificate Owners. All Installment Payments and such other amounts to which the Corporation may at any time be entitled shall be paid directly to the Trustee, and all of the Installment Payments collected or received by the Corporation shall be deemed to be held and to have been collected or received by the Corporation as the agent of the Trustee, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and all such Installment Payments and such other amounts shall be forthwith deposited by the Trustee upon the receipt thereof in the Installment Payment Fund.

Rate Covenants; Collection of Rates and Charges

Covenant Regarding Gross Revenues. In the Installment Sale Agreement, the District covenants to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are at least sufficient, when added to other revenues estimated to be received by the District during such Fiscal Year, after making allowances for contingencies and errors in the estimates, to yield Gross Revenues sufficient to pay the following amounts in the following order of priority:

(a) all Operation and Maintenance Costs estimated by the District to become due and payable in such Fiscal Year;

(b) the principal of and interest on all outstanding Certificates and Parity Obligations, as they become due and payable during the Fiscal Year, without preference or priority

(c) all amounts, if any, required to restore the balance in the any reserve funds established for any Parity Obligations to their required levels; and

(d) all payments, including, but not limited to, payments required to meet any other obligations of the District that are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

Covenant Regarding Net Revenues. In the Installment Sale Agreement, the District covenants to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year that are sufficient to yield Net Revenues that are at least equal to 120% of the amount described in the preceding clause (b) for such Fiscal Year. For purposes of this covenant, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (a) any transfers from the Rate Stabilization Fund into the Water Fund in such Fiscal Year are included in the calculation of Net Revenues, and (b) any transfers from the Water Fund into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Revenues received by the District during that Fiscal Year.

Rate Stabilization Fund

Under the Installment Sale Agreement, the District may establish a Rate Stabilization Fund for the purpose of stabilizing the rates and charges imposed by the District with respect to the Water System.

From time to time the District may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secure the Certificates and any Parity Obligations, as the District may determine. Such deposits for any Fiscal Year may be made until (but not after) 8 months following the end of such Fiscal Year.

The District may, but is not required to, withdraw from any amounts on deposit in the Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year; provided that withdrawal and deposit for any Fiscal Year may be made until (but not after) 8 months following the end of that Fiscal Year. Amounts so transferred from the Rate Stabilization Fund to the Water Fund shall constitute Revenues for such Fiscal Year (except as otherwise provided in the Installment Sale Agreement), and shall be applied for the purposes of the Water Fund.

Amounts on deposit in the Rate Stabilization Fund will not be pledged to or otherwise secure the Certificates or any Parity Obligations. The District has the right at any time to withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the District relating to the Water System.

Limited Obligation

The District's obligation to pay the Installment Payments and any other amounts coming due and payable under the Installment Sale Agreement are a special obligation of the District limited solely to the Net Revenues and the other amounts pledged thereunder. Under no circumstances is the District 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 and such other amounts, nor are any other funds or property of the

District be liable for the payment of the Installment Payments and any other amounts coming due and payable thereunder.

Insurance; Net Proceeds

The District will at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. The District shall apply amounts collected from insurance against accident to or destruction of any portion of the Water System to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, (i) to be used for the acquisition or construction of improvements and extensions or replacement facilities of the Water System, or (ii) to prepay the Certificates or any Parity Obligations in accordance with the Trust Agreement and the Parity Obligation Documents, respectively. The District shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the District, the Trustee and the Owners of the Certificates. Any required insurance may be maintained by the District in the form of self-insurance through a joint powers agreement or otherwise.

No Senior Obligations

The District may not issue or incur any additional bonds, notes or other obligations having any priority over the Installment Payments in the payment of principal or interest out of the Gross Revenues or the Net Revenues.

Parity Obligations

Existing Parity Obligations. The District currently has outstanding other obligations payable from the Net Revenues on a parity basis with the Installment Payments (collectively, the "**Parity Obligations**"). See "FINANCIAL MATTERS OF THE DISTRICT – Outstanding Long-Term Debt."

Future Parity Obligations. In the future, the District may issue or incur additional Parity Obligations from time to time in such principal amount as it determines, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing

(b) Net Revenues, calculated in accordance with sound accounting principles, as shown by the books of the District for the most recent Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12 month period selected by the District, in either case verified by an Independent Accountant or a Financial Consultant or shown in the audited financial statements of the District, plus (at the option of the District) any Additional Revenues, excluding any transfers made to the Water Fund from a Rate Stabilization Fund during such consecutive 12 month period, at least equal to 120% of the maximum amount of Debt Service for the current or any future Fiscal Year on the Certificates, all outstanding Parity Obligations, and the Parity Obligations then proposed to be issued. For purposes of the foregoing calculation, with respect to any Parity Obligations obligation 25% or more of the principal or other face amount of which matures or becomes due on the same date or within a 12-month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of such Parity Obligations obligation which

matures or becomes due on such date or within such 12-month period shall be treated as if it were to be amortized in substantially equal annual installments during the term of 20 years from the date of calculation.

(c) The District must provide a written certificate to the Trustee certifying that the conditions set forth above have been satisfied.

"**Additional Revenues**" is defined in the Trust Agreement to mean, with respect to the issuance of any Parity Obligations, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the Water System to be made by the District during the 36 month period following the issuance of such Parity Obligations, in an amount equal to 100% of the estimated additional average annual Net Revenues to be derived from all properties which are improved with a structure the construction of which has been completed prior to the date of issuance of such Parity Obligations and to which service will be provided by such additions, improvements and extensions, all as shown by the certificate or opinion of a Financial Consultant.

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Water System which has been adopted prior to the incurring of such Parity Obligations but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the District are available, or for any more recent consecutive 12-month period selected by the District under the Installment Sale Agreement, was not in effect, in an amount equal to the total 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 12-month period, all as shown by the certificate or opinion of a Financial Consultant.

Subordinate Obligations

Nothing in the Trust Agreement or Installment Sale Agreement limits or affects the ability of the District to issue or incur (a) Parity Obligations under the Installment Sale Agreement, or (b) obligations that are either unsecured or secured by an interest in the Net Revenues that is junior and subordinate to the pledge of and lien upon the Net Revenues established under the Installment Sale Agreement.

THE CORPORATION

The Corporation was incorporated under the Nonprofit Public Benefit Corporation Law of the State of California. The Corporation was organized as a nonprofit corporation for the purpose, among others, of assisting entities, such as the District, in the acquisition, construction and financing of public improvements which are determined to be of public benefit to such entities. The Corporation's articles of incorporation and bylaws empower it to participate in the financing of the Project.

THE DISTRICT

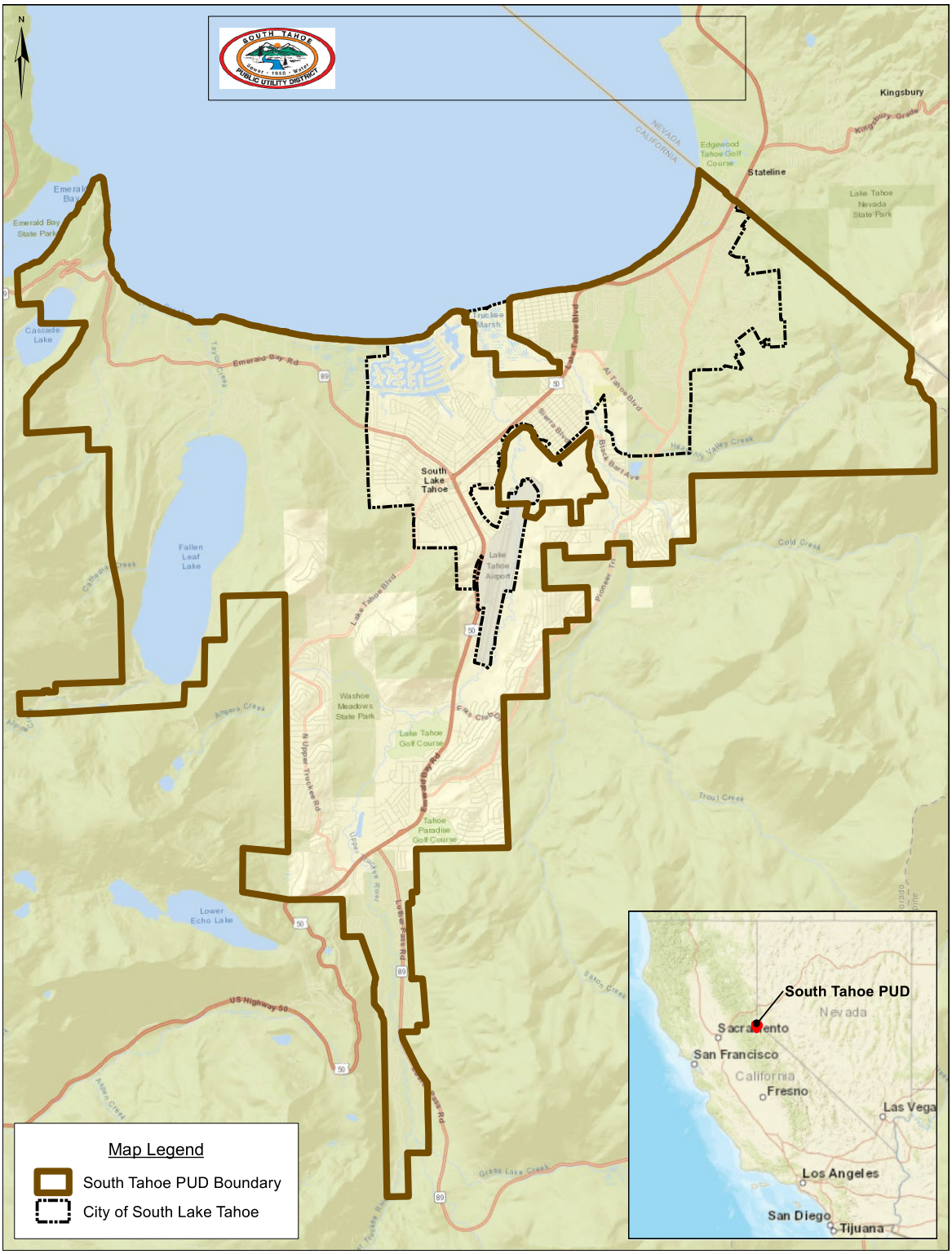
General

The District was chartered in 1950 and operates on the south shore of Lake Tahoe, America's largest alpine lake. The District supplies drinking water and provides wastewater collection, treatment and effluent disposal services to residents and businesses in and around the City of South Lake Tahoe. The District serves approximately 14,200 water connections and 18,400 wastewater connections within a 42-square mile services area. The District is headquartered in the City of South Lake Tahoe, which serves as a central hub for the nearby ski resorts, casinos, and outdoor recreational activities.

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Service Area Map

The following map shows the service area of the District.



Board of Directors

The District is governed by a five-member Board of Directors, each of whom serves a four-year term. The current Board Members and the expiration of their respective terms are set forth in the following table.

Board Members	Expiration of Term
Shane Romsos, *President*	December 2030
Nick Haven, *Vice President*	December 2030
Nick Exline, *Director*	December 2030
Joel Henderson, *Director*	December 2028
Kelly Sheehan, *Director*	December 2028

District Management and Staff

Paul Peschel, Interim General Manager.

Paul G. Peschel, P.E., was appointed Interim General Manager of the South Tahoe Public Utility District in November 2026. He is a California-registered Professional Civil Engineer with more than 35 years of experience in public utility management, engineering, water resources, infrastructure development, financial management, and public agency administration. Prior to joining the District, Mr. Peschel served as Assistant General Manager of Water Operations for Modesto Irrigation District, where he oversaw approximately 90 employees, a $35 million annual operations and maintenance budget, and an $8 million annual capital improvement program. Previously, he served as General Manager of Hi-Desert Water District and Kings River Conservation District, reporting directly to their respective elected Boards of Directors. At Hi-Desert Water District, he directed water and wastewater operations, financial and capital planning, and implementation of a wastewater infrastructure program exceeding $250 million, including projects supported by state and federal financing. Earlier in his career, Mr. Peschel held senior engineering and executive management positions with Imperial Irrigation District, where his responsibilities included major water infrastructure projects, capital program management, utility operations, and interagency agreements. His experience includes leadership of the $310 million All-American Canal Lining Project. Mr. Peschel holds a Bachelor of Science degree in Civil Engineering from North Dakota State University and has completed graduate coursework in Public Administration at San Diego State University.

Andrea Salazar, Chief Financial Officer. Andrea Salazar is the Chief Financial Officer for the South Tahoe Public Utility District, a position she has held since December 2023. She earned her Bachelor of Accountancy from New Mexico State University in 1991 and her Master of Business Administration with a specialization in Organizational Leadership from National University in February 2020. In March 2023, Ms. Salazar also received her Chief Business Official Certification from the California Association of School Business Officials. Ms. Salazar began her career in the private sector, working with governmental contractors in various Finance and Accounting roles, advancing from Senior Accountant to Director of Financial Reporting & Analysis. Her career trajectory led her into the public sector, where she served as the Director of Fiscal Services at Lake Tahoe Community College, followed by her role as the Associate Superintendent for Lake Tahoe Unified School District.

Employees and Labor Arrangement

The District currently has 118 full-time employees, 2 part-time employees, and 20 seasonal employees. The District has two labor collective bargaining agreements in place, with the Stationary Local 39 and the Management Group. Each agreement expires June 27, 2029.

The Districts has maintained positive relationships with union-represented and management staff and do not anticipate an adversarial negotiation process. The District is conducting a salary survey that requires a negotiated implementation to be determined this Fiscal Year 20____. The District has not experienced any work stoppages or delays by its employees within the past five years.

Debt Management Policy

In February 2017, the Board of Directors of the District approved a debt management policy in compliance with California Government Code section 8855(i). The policy sets forth the District's goals for the approval and issuance of bonds, notes and other debt instruments and sets forth guidelines for the use of debt to finance capital projects.

THE WATER SYSTEM

Overview

The District maintains a total of 15 wells, with water supply currently provided by 11 active supply wells and four standby wells. The District also maintains 30 observation wells for groundwater level monitoring. The District's water storage and distribution consists of 16 booster pump stations, 19 storage tanks, 23 pressure-reducing valves, and 251 miles of potable water pipe. Due to the topography of the District's service area, the overall distribution system is separated into 15 pressure zones. The District also recycles 100% of its wastewater, which is then exported out of the Tahoe Basin to facilities in Alpine County. Additional information on the Water System facilities is set forth below under "– Water System Facilities."

The District's revenues are composed of service charges, property taxes, connection fees, and investments/other income. In Fiscal Year 2025-26, service charges represented ___% of total revenues, property taxes represented ___% of total revenues, and connection fees and investments/other income each represented ___% of total revenues.

The District's Water System customers are charged water service charges that include both a fixed component based on meter size and variable consumption charges based on customer class and metered water use. See "FINANCIAL MATTERS OF THE DISTRICT – Water Charges."

Number of Water Connections

The following table shows the number of residential and non-residential connections served by the Water System for the past five calendar years.

Table 1
South Tahoe Public Utility District
Number and Type of Water Connections

As of Dec, 31,	Single-Family Residential	Multi-Family Residential	Commercial	Government	Total Connections
2022	12,343	1,179	532	107	14,161
2023	12,361	1,176	511	115	14,163
2024	12,441	1,180	507	115	14,243
2025	12,469	1,183	515	105	14,272
2026	12,487	1,190	512	106	14,295

Source: South Tahoe Public Utility District.

Top Ten Customers

In Fiscal Year 2025-26, the Water Service Charges paid by the ten largest water customers (based on revenues) accounted for approximately 5.80% of total Water System revenues and 7.50% of total Water Service Charge revenues. The following table shows the ten largest customers of the Water System during Fiscal Year 2025-26.

Table 2
South Tahoe Public Utility District
Ten Largest Water System Customers During Fiscal Year 2025-26

No.	Customer	Type of Use	Revenues	Percent of Total Service Charge Revs. (1)
1.	Lake Tahoe Unified School District	School	$234,396	1.3%
2.	Heavenly Valley	Ski Resort	212,718	1.2
3.	City of South Lake Tahoe	Government	209,636	1.2
4.	Margaritaville	Hotel	144,668	0.8
5.	El Dorado County	Hotel	109,746	0.6
6.	Marriott Grand	Hotel	102,677	0.6
7.	Barton Memorial Hospital	Hospital	92,654	0.5
8.	LT Partners	Hotel	85,245	0.5
9.	Marriott Timber Lodge	Hotel	81,509	0.5
10.	Tahoe Verde	Residential	62,743	0.4
	Total, Top 10		**$1,335,992**	**7.5%**

(1) Based on total Water System service charge revenues of $23,157,522 in Fiscal Year 2025-26.
Source: South Tahoe Public Utility District.

Water System Facilities

Water System Supply. The District's water supply comes entirely from groundwater and is provided by 15 wells, consisting of 11 active supply wells and four standby wells. The source of the District's water supply is the Tahoe South Subbasin 6-5.01 (the "**Tahoe South Subbasin**") that underlays the District. In addition to the supply wells, the District maintains 30 observation wells for groundwater level monitoring.

While the District also holds some surface water rights to divert water from the Upper Truckee River and tributaries, the District does not currently divert or use surface water and does not project to use surface water for the foreseeable future.

Water Storage and Distribution. The District's water storage and distribution consists of 16 booster pump stations, 19 storage tanks, 23 pressure-reducing valves, and 251 miles of potable water pipe. The 19 storage tanks provide the District with 9.2 million gallons of storage capacity, which is equivalent to approximately 43 hours of average potable water demand.

Treated Wastewater (Recycled Water). The District also operates a wastewater treatment plant; however, none of the treated wastewater is re-used within the District. All of the District's fully-treated wastewater is transported out of the District through the District's 27-mile pipeline to Alpine County, where it is stored and distributed for seasonal agricultural purposes.

Water Supply and Demand

The District's capacity to supply water from the Tahoe South Subbasin has historically exceeded the District's water demand. According to the 2020 Urban Water Management Plan commissioned for the District (the "**2020 UWMP**"), in an average year the volume of water available in the Tahoe South Subbasin is 32,050 acre-feet. The sustainable yield of the Tahoe

South Subbasin, meaning the maximum quantity of water that can be withdrawn annually (assuming representative long-term conditions) without causing an undesirable result, is estimated at 13,200 acre feet per year ("**AFY**"). As shown in the table below, the District's historical water production is below the estimated sustainable yield, with an average for the five fiscal years shown of 4,835 AFY.

Table 3
South Tahoe Public Utility District
Historical Water Production

Fiscal Year Ended June 30,	Water Production (AFY)
2022	5,113
2023	5,042
2024	4,864
2025	4,664
2026	4,491

Source: South Tahoe Public Utility District.

Additionally, the 2020 UWMP projects that, even under a multiple-dry year scenario, the District is projected to have adequate supplies of water to meet projected demand over the 2020 UWMP's 25-year planning period.

Sustainable Groundwater Management Act

The Sustainable Groundwater Management Act ("**SGMA**"), which went into effect January 1, 2015, requires that local water agencies within all medium and high-priority sub-basins form one or more Groundwater Sustainability Agencies ("**GSAs**") to prepare a Groundwater Sustainability Plan ("**GSP**") or an alternative. The Tahoe South Subbasin is classified as a medium priority basin. The District and the El Dorado Water Agency are the GSAs within the Tahoe South Subbasin. Because the Tahoe South Subbasin is not critically overdrafted, the District elected to submit its 2014 Groundwater Management Plan ("**2014 GWMP**") and additional plans reports and other documents as an Alternative to a GSP to the California Department of Water Resources ("**DWR**"). DWR determined that the 2014 GWMP satisfied the objectives of SGMA and approved it as the Alternative Plan for the Tahoe South Subbasin. In April 2022, the District approved the first five-year update of the Alternative Plan (as updated, the "**Alternative Plan**") and continues to manage groundwater within the Tahoe South Subbasin in accordance with the Alternative Plan.

Anticipated Capital Improvements

As shown on Table 4, the District's anticipated capital improvements and capitalizable expenses for the Water System total approximately $85.1 million for the fiscal years shown. The Water System capital improvements include waterline replacements and upsizings, fire hydrant installation and replacement, tank coatings, pressure reducing valve replacements, and backup power equipment.

The District anticipates that these capital improvement projects will be funded from the following sources: approximately $15.0 million from the Certificates, approximately $4.35 million from the 2025 Water Revenue COPs, approximately $15.9 million from SRF loans awarded, approximately $17.5 million from SRF loans anticipated, approximately $5.7 million from State and federal aid, and approximately $26.6 million from cash funding. The District cannot provide any assurance that any specific improvements will be completed or completed on the anticipated

schedule, or that the expenditures shown below will made, or as to the availability or terms of any financing or grants.

Table 4
South Tahoe Public Utility District
Water System
5-Year Capital Improvement Program
Fiscal Years Ending June 30

Water System Capital Improvements	2027	2028	2029	2030	2031	TOTAL
Capital Improvement Projects	$22,183,000	$14,207,000	$19,126,000	$12,158,000	$7,788,000	$75,462,000
Engineering Staff & Expenses	1,815,000	1,869,000	1,925,000	1,983,000	2,042,000	9,634,000
Total Capital Costs	$23,998,000	$16,076,000	$21,051,000	$14,141,000	$9,830,000	$85,096,000
Anticipated Funding Sources						
2025 Water Revenue COPs	$4,350,000	--	--	--	--	$4,350,000
SRF Loans, Awarded	5,075,000	6,131,000	4,735,000	--	--	15,941,000
2027 Water Revenue COPs	7,452,000	2,177,000	3,848,000	1,523,000	--	15,000,000
SRF Loan, Anticipated	31,000	3,552,000	9,445,000	4,498,000	--	17,526,000
State/Federal Aid	4,471,000	1,204,000	--	--	--	5,675,000
Cash Funding	2,619,000	3,012,000	3,023,000	8,120,000	9,830,000	26,604,000
Total Funding Sources	$23,998,000	$16,076,000	$21,051,000	$14,141,000	$9,830,000	$85,096,000

Source: South Tahoe Public Utility District.

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FINANCIAL MATTERS OF THE DISTRICT

Water Charges

Existing Charges. In 2024, the District engaged HDR Engineering, Inc. to prepare a water rate study (the "**Rate Study**"). In May, 2024, pursuant to Ordinance No. 589-24 (the "**Ordinance**"), the District adopted rates and charges for the Water System for the fiscal year ended June 30, 2025 and set forth rates and charges for the following four fiscal years, subject to annual confirmation of such rates and charges by the Board of Directors.

The District's water rates consist of a fixed monthly base charge based on meter size and a variable consumption charge based on customer type, and, for single-family residential customers, tiers based on consumption. Non-metered customers are charged a fixed monthly rate based on customer type that ranges from $75.98 for a single-family dwelling to $221.76 for a four-plex.

Table 5
South Tahoe Public Utility District
Water Service Charges

	Adopted Maximum Rates Effective July 1			
	2026	**2027**	**2028**	**2029**
Rate Increase %	6.5%	6.5%	9.5%	9.5%
Monthly Base Charge by Connection Size				
¾" Meter	$65.83	$70.11	$76.77	$84.06
1" Meter	109.87	117.01	128.13	140.30
1-1/2" Meter	219.14	233.38	255.55	279.83
2" Meter	350.74	375.54	409.03	447.88
3" Meter	658.09	700.87	767.45	840.36
4" Meter	1096.98	1,168.28	1,279.27	1,400.80
6" Meter	2,193.24	2,335.80	2,557.70	2,800.68
8" Meter	3,509.35	3,737.46	4,092.52	4,481.31
10" Meter	5,045.21	5,373.15	5,883.60	6,442.54
Consumption Rate (per CCF) [(1)]				
Single Family – Tier 1 (1-15 CCF)	$2.22	$2.36	$2.58	2.83
Single Family – Tier 2 (>15 CCF)	3.31	3.53	3.87	4.23
Multi Family	2.37	2.52	2.76	3.02
Commercial	2.41	2.57	2.81	3.08

(1) A CCF is one hundred cubic feet, or approximately 748 gallons.
Source: South Tahoe Public Utility District.

Historical Charges. Charges for water services for a typical single-family residence for fiscal years ended June 30, 2017 through 2026 are set forth in the following table.

Table 6
South Tahoe Public Utility District
Historical Water Service Charges
for a Typical Single-Family Home

Fiscal Year Ended June 30,	Annual Rate Increase	Annual Charge	Monthly Equivalent
2017	6.5%	$590.80	$49.23
2018	6.0	629.20	52.43
2019	5.0	660.80	55.07
2020	4.0	700.68	58.39
2021	0.0	700.68	58.39
2022	0.0	700.68	58.39
2023	9.0	763.80	63.65
2024	9.5	836.40	69.70
2025	9.5	911.76	75.98
2026	9.5	998.40	83.20

Source: South Tahoe Public Utility District.

Composition of Revenues. The following table shows the break-down of revenue from water service charges between types of customers for Fiscal Years 2021-22 through 2025-26.

Table 7
South Tahoe Public Utility District
Historical Composition of Water Services Charges by Type of Customer

Fiscal Year Ended June 30,	Residential	Commercial	Government	Industrial/ Other	Total Water Service Charge Revenue
2022	$10,303,009	$1,895,722	$511,808	$2,543	$12,713,082
2023	11,175,004	2,035,930	545,008	2,752	13,758,694
2024	11,920,384	2,284,594	678,783	3,016	14,886,778
2025	13,494,373	2,604,717	693,113	3,359	16,795,562
2026	14,446,939	2,659,164	763,387	3,575	17,873,065

Source: South Tahoe Public Utility District.

Delinquencies and Collection

Water System customer payments are due on the last day of each quarter. If payment is not received by the last day of the quarter, the account is considered delinquent and is assessed a 10% late penalty. If the account continues to be delinquent, the District may pursue collection by having the County tax assessor add the delinquent service charges to the tax roll. The property owner is required to submit payment for the property tax and delinquent service charges in order to clear the annual tax lien. During the last five full fiscal years, the delinquent amount of water and wastewater service charges as a percentage of total water and wastewater charges ranged from 2.00% to 4.00%. Delinquent charges were 3.7% at June 30, 2026.

Comparison with Neighboring Agencies

The following table sets forth the typical monthly wastewater and water service charges for a typical single-family home in the District, and for similar customers in neighboring cities and agencies.

Table 8
South Tahoe Public Utility District
Water and Wastewater Service Fee Comparison
for a Typical Single-Family Home [1]

Agency	Water	Wastewater	Total
South Tahoe Public Utility District	**$88.99**	**$69.48**	**$158.47**
Incline Village GID	115.80	66.44	182.24
Kingsbury GID	119.00	69.80	188.80
Truckee SD & Truckee Donner PUD [2]	84.13	142.29	226.42
North Tahoe PUD [2]	120.63	119.41	240.04
Tahoe City PUD [2]	141.29	115.44	256.73

(1) Assumes 3/4 inch water meter with 800 cubic feet or 6,000 gallons of monthly water use.
(2) Includes Tahoe-Truckee Sanitation Agency wastewater treatment charge of $48.50 per month.
Source: Bartle Wells Associates, based on data provided from each Agency.

District Property Taxes; Teeter Plan

Overview. In addition to water service charges, the District also receives a share of the 1% general property tax that is levied and collected within its taxable service area each year. The District's taxable service area lies within El Dorado County (the "**County**") and accordingly, the District receives a share of the 1% general property tax that is levied and collected by the County. During Fiscal Year 2024-25, the District received approximately $11.9 million in property tax revenues, an increase of approximately 3.5% from Fiscal Year 2023-24. Approximately $4.0 million of the $11.9 million in Fiscal Year 2024-25 property tax revenues was allocated to the Water System. The amount of property taxes levied and collected on behalf of the District is adjusted annually, based on a cost-of-living factor and a population factor in accordance with State law.

Property taxes for the District were approved by a vote of District customers in 1950 at the time of the District's formation. As required by the California Water Code (Division 7, Chapter 12, §13951), the District is required to pump all wastewater treatment plant effluent out of the Lake

Tahoe watershed. The allocation of property taxes is intended to offset the additional costs incurred by the District in order to meet this requirement.

Teeter Plan. The Board of Supervisors of El Dorado County has 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 California Revenue and Taxation Code. The Teeter Plan provides for the allocation and distribution of property tax levies and collections and of tax sale proceeds. Under this method, the County pays the District 100% of property tax due to the District and retains any penalties or delinquencies collected to offset such gross payment. There can be no assurance that the County will not discontinue the Teeter Plan or remove the District, or the property tax payable to the District, from the Teeter Plan in the future.

Assessed Valuations. As provided by Article XIIIA of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the county only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels within the service area of the District thus reflect, for undeveloped parcels, the estimate of the County assessor (the "Assessor") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. Because of the general limitation to 2% per year in increases in full cash value of properties that remain in the same ownership, the County tax roll does not reflect values uniformly proportional to actual market values.

Historical Assessed Valuations. The table below sets forth the historical assessed values within the District for the fiscal years shown.

Table 9
South Tahoe Public Utility District
Historical Assessed Valuations
(Dollar amounts in thousands)

Fiscal Year End (June 30)	Secured	Unsecured	Total Assessed Value	% Change
2017	$6,474,355	$106,573	$6,580,928	N/A
2018	6,902,397	108,688	7,011,085	6.54%
2019	7,326,300	122,852	7,449,152	6.25
2020	7,648,503	124,852	7,773,355	4.35
2021	8,065,710	134,469	8,200,179	5.49
2022	8,455,422	142,516	8,597,938	4.85
2023	9,132,605	168,450	9,301,055	8.18
2024	9,819,593	183,132	10,002,725	7.54
2025	10,284,280,346	193,347,011	10,477,627,357	4.75
2026	10,753,260,538	196,629,128	10,949,889,666	4.51
2027	11,131,925,888	206,251,522	11,338,177,410	3.55

Source: California Municipal Statistics, Inc.

Tax Levies Allocated to the Water System. The following table sets forth tax levies and revenues allocated to the Water System for Fiscal Years 2022-23 through 2026-27. The District Board has the authority to determine the annual allocation of property tax revenues to the District's Water System and wastewater system. Historically, the District allocated property tax revenues primarily to the District's wastewater system. The District anticipates continuing to increase the share of property tax revenues allocated to the Water System through Fiscal Year 2028-29, when it is anticipated that 56% of property tax revenues will be allocated to the District's wastewater system and 44% will be allocated to the Water System.

Table 10
South Tahoe Public Utility District
Tax Levies and Revenues Attributable to Water System
Fiscal Years 2019-20 through 2023-24
(in $000s)

Fiscal Year	Tax Levy Allocated to Water System	Tax Revenues Allocated to Water System [1]	Annual % Change in Tax Revenues Allocated to Water System
2022-23	$2,452	$2,602	77%
2023-24	2,918	3,355	29
2024-25	[___]	[___]	[___]
2025-26	[___]	[___]	[___]
2026-27	[___]	[___]	[___]

(1) Includes tax revenues received from the water tax levy, plus additional pass-through property tax payments from El Dorado County.
Source: California Municipal Statistics, Inc.

Top Taxpayers. The following table sets forth the top 10 taxpayers within the District for Fiscal Year 2026-27.

Table 11
South Tahoe Public Utility District
Top 10 Taxpayers – Fiscal Year 2026-27

	Property Owner	Primary Land Use	2026-27 Assessed Valuation	% of Total [1]
1.	Sodalite Tahoe Hotel LLC	Hotel	$108,122,121	0.97%
2.	First American Trust FSB	Resort/Timeshare	87,110,027	0.78
3.	Heavenly Valley LP	Ski Resort	81,784,485	0.73
4.	Tahoe Chateau Land Holding LLC	Planned Residential Development	47,742,682	0.43
5.	Trans Sierra Investments	Shopping Center	43,681,848	0.39
6.	Imperium Blue Tahoe Holdings LLC	Commercial	35,720,245	0.32
7.	Diamondrock Tahoe Owner LLC	Hotel	30,187,520	0.27
8.	Tahoe Crescent LLC	Commercial	29,765,012	0.27
9.	3411 Lake Tahoe LLC	Hotel	29,551,931	0.27
10.	Gondola Vista Development Company LLC	Residential Properties	29,113,923	0.26
			$522,779,794	4.70%

(1) 2026-27 Local Secured Assessed valuations: $11,131,925,888
Source: California Municipal Statistics, Inc.

Current Assets, Current Liabilities and Net Position

The following table shows the District's current assets, current liabilities and net position, as reflected in the audited financial statements, as well as related metrics, as of the end of the fiscal years shown.

Table 12
South Tahoe Public Utility District
Water System
Current Assets, Current Liabilities and Net Position
Fiscal Years 2021-22 through 2025-26

	June 30, 2022 Actual	June 30, 2023 Actual	June 30, 2024 Actual	June 30, 2025 Actual	June 30, 2026 Actual
Current Assets					
Cash and Cash Equivalents	$2,069,104	$1,012,328	$4,621,766	$16,946,850	
Investments	710,617	576,469	152,477	385,349	
Accounts Receivable, Net of Allowance	1,374,304	1,492,516	1,796,183	2,149,144	
Due from Governmental Agencies	698,636	1,228,164	562,650	590,649	
Interest Receivable	30,997	65,578	106,360	104,111	
Other Current Assets	1,177,621	1,085,865	1,115,600	1,322,975	
Leases Receivable	38,841	38,841	38,841	38,841	
Total Current Assets	**$6,100,120**	**$5,499,761**	**$8,393,877**	**$21,537,919**	
Current Liabilities					
Accounts Payable and Other Liabilities	$3,563,947	$1,728,337	$2,560,148	$1,420,113	
Unearned Revenue	18,113	11,005	18,113	17,337	
Accrued Expenses	299,208	142,732	29,333	100,564	
Accrued Interest Payable	102,422	68,430	116,783	477,784	
Deposits Payable	475,000	370,000	480,000	332,500	
Compensated Absences - Current Portion	656,043	814,475	675,759	669,746	
Interfund Loan	--	--	--	--	
Long-term Liabilities - Current Portion	911,899	673,354	1,220,205	1,478,461	
Accrued Payroll Liabilities	138,725	203,133	190,048	243,545	
Construction Retainage	331,683	228,907	351,525	219,704	
Total Current Liabilities	**$6,497,040**	**$4,240,373**	**$5,641,914**	**$4,959,754**	
Net Position					
Net Investment in Capital Assets	$83,722,162	$85,998,357	$84,956,428	$87,043,656	
Restricted for Security Deposits	115,000	115,000	115,000	115,000	
Restricted for Debt Service	1,144,168	1,260,882	1,260,882	1,384,492	
Restricted for Capital Asset Purchases	--	--	--	--	
Unrestricted	5,855,726	6,683,076	9,718,540	9,961,044	
Total Net Position	**$90,837,056**	**$94,057,315**	**$96,050,850**	**$98,504,192**	

Source: South Tahoe Public Utility District Annual Comprehensive Financial Reports for Fiscal Years 2021-22 through 2025-26.

Historical Revenues, Expenses and Debt Service Coverage

The table below presents the historical revenues, expenses and debt service coverage of the Water System for the fiscal years shown.

Table 13
South Tahoe Public Utility District
Water System
Historical Revenues, Expenses and Debt Service Coverage
Fiscal Years 2021-22 through 2025-26

	2021-22 Actual	2022-23 Actual	2023-24 Actual	2024-25 Actual	2025-26 Actual
GROSS REVENUES [1]					
Service Charges	$12,713,082	$13,758,694	$15,078,768	$16,795,562	[___]
Connection and Service Fees	915,461	1,380,222	675,407	761,276	[___]
Other Operating Income	220,656	291,792	292,091	315,354	[___]
Investment & Realized Gain/Loss [2]	77,953	21,272	324,618	975,189	[___]
Aid from Govt. Entities	552,006	331,286	199,672	469,769	[___]
Other Nonoperating Income	305,957	280,197	162,042	284,825	[___]
Tax Revenues	1,470,553	2,603,966	3,354,900	3,983,540	[___]
Total	$16,255,668	$18,667,429	$20,087,498	$23,585,515	[___]
OPERATION & MAINTENANCE COSTS					
Salaries & Benefits [3]	$6,329,617	$6,897,163	$8,179,024	$9,173,717	[___]
Utilities	1,073,412	1,037,709	1,412,159	2,041,652	[___]
Repairs & Maintenance	2,072,545	2,090,193	2,575,007	2,271,025	[___]
Other Operating Expenses	2,006,565	1,793,938	2,031,174	2,785,153	[___]
Total	$11,482,139	$11,819,003	$14,197,364	$16,271,547	[___]
NET REVENUES	$4,773,529	$6,848,426	$5,890,134	$7,313,968	[___]
DEBT SERVICE [4]	$1,196,952	$1,240,657	$1,265,797	$1,637,267	[___]
DEBT SERVICE COVERAGE	**3.99**	**5.52**	**4.65**	**4.47**	[___]

(1) Excludes property tax revenues, which are applied to reduce operating expenses.
(2) Excludes unrealized gains/losses.
(3) Annual fluctuations are partly due to the amount of labor hours allocated to capital improvements; the District provides engineering services for many of its capital improvement projects.
(4) Total amount of debt service due and payable in each fiscal year.
Source: South Tahoe Public Utility District Annual Comprehensive Financial Reports for Fiscal Years 2021-22 through 2025-26.

Projected Revenues, Expenses and Debt Service Coverage

The table below includes projected revenues, expenses and debt service coverage for the Water System for Fiscal Years 2026-27 through 2030-31. Key assumptions underlying these projections follow the table, and should be read in their entirety. Actual future results may vary from those set forth in the following table and under certain circumstances, such variances may be material.

Table 14
South Tahoe Public Utility District
Water System
Projected Revenues, Expenses and Changes in Net Position
Fiscal Years 2026-27 through 2030-31

	2026-27 Projected	2027-28 Projected	2028-29 Projected	2029-30 Projected	2030-31 Projected
GROSS REVENUES					
Water Service Charges [1]	$19,035,000	$20,272,000	$21,590,000	$22,993,000	$24,488,000
Connection and New Service Fees	500,000	500,000	500,000	500,000	500,000
Other Revenues [2]	1,255,000	1,203,000	1,257,000	1,367,000	1,349,000
Property Taxes [3]	4,940,000	5,479,000	5,912,000	6,090,000	6,272,000
Total	**25,730,000**	**27,454,000**	**29,259,000**	**30,950,000**	**32,609,000**
OPERATION & MAINTENANCE COSTS					
Salaries & Benefits [4]	9,261,000	9,540,000	9,826,000	10,121,000	10,425,000
Other Operating Expenses [5]	10,687,000	9,308,000	8,704,000	8,952,000	8,929,000
Total	**19,948,000**	**18,848,000**	**18,530,000**	**19,073,000**	**19,354,000**
NET REVENUES	5,782,000	8,606,000	10,729,000	11,877,000	13,255,000
DEBT SERVICE					
Outstanding Debt	2,733,000	3,253,000	3,537,000	3,869,000	3,681,000
The Certificates*	-	990,000	990,000	990,000	990,000
Projected Future Debt [6]	-	-	-	-	787,000
Total	**2,733,000**	**4,243,000**	**4,527,000**	**4,859,000**	**5,458,000**
DEBT SERVICE COVERAGE	**2.12**	**2.03**	**2.37**	**2.44**	**2.43**
NET REVENUES REMAINING AFTER PAYMENT OF DEBT SERVICE	**$3,049,000**	**$4,363,000**	**$6,202,000**	**$7,019,000**	**$7,798,000**

** Preliminary; subject to change.*
(1) Accounts for 6.5% annual rate increases each fiscal year.
(2) Includes projected interest earnings, rents and lease revenues, and other miscellaneous revenues.
(3) Assumes both a) 3% annual escalation of total District property tax revenues, and b) a planned increase to the share of property tax revenues allocated to the Water System.
(4) Assumes full staffing with no vacancies and 3% annual cost escalation.
(5) Based on District projections which include temporarily elevated funding levels for repairs, equipment and vehicles in 2026-27 and 2027-28.
(6) Assumes State Revolving Fund Loan of $16,470,626 with 2.50% interest rate and 30-year repayment term.
Source: South Tahoe Public Utility District.

Outstanding Long-Term Debt

As of June 30, 2025, the District had the following long-term obligations payable from revenues of the Water System.

Outstanding Obligation	Date of Agreement	Original Principal Amount	Outstanding June 30, 2025	Interest Rate	Final Maturity
2013 Water Installment Sale Agreement	4/1/2013	$10,000,000	$2,235,917	2.27%	1/30/2030
Safe Drinking Water State Revolving Fund Funding Agreement No. SRF14C106, Project No. 0910002-016C, between the District and the California Department of Public Health (Water Meters Phase 1)	6/23/2014	$3,605,919	$2,510,566	0%	1/1/2044
SRF Project No. 0910002-010C, Agreement No. D15-02052, between the District and the SWRCB (Water Meters Phase 2)	8/16/2016	$2,032,745	$727,077	1.6%	1/1/2037
SRF Project No. C-06-8220-110, Agreement No. D17-01007, between the District and the SWRCB (Water Meters Phase 3-5)	9/28/2017	$14,010,534	$8,784,998	1.8%	10/15/2050
SRF Project No. 0910002-027C, Agreement No. D17-02053, between the District and the SWRCB (SRF Waterline Replacement)	2/2/2018	$3,627,005	$2,945,383	1.7%	7/1/2049
SRF Project No. 0910002-028C, Agreement No. SWRCB0000000000D2002049, between the District and the SWRCB (Keller Heavenly Water System Improvement Project)	8/25/2021	$5,500,000	$5,442,881	1.2%	10/15/2043
2021 Rocky I SRF Loan	2/23/2022	$9,000,000	$8,667,790	1.2%	1/1/2054
2025 Water Revenue Certificates of Participation	1/15/2025	$14,250,000	$14,250,000	5.00%	8/1/2054

Source: South Tahoe Public Utility District.

[NTD: Any further obligations since date of audit to be described here.]

Investment Policy; Investments

Investment Policy. The District's Board of Directors periodically reviews and adopts or ratifies the District's Statement of Investment Policy in accordance with Section 53600 of the Government Code of the State of California. The policy was adopted in its current form on February 2, 2017 (the "**Investment Policy**"). The Investment Policy sets forth the following objectives:

Safety: Safety of principal is the foremost objective of the District. Investments shall be made in a manner that first seeks to ensure the preservation of capital in the overall portfolio. And, second seeks to minimize capital losses, whether they be from securities defaults or erosion of market value.

Liquidity: The investment portfolio shall be structured to provide sufficient liquidity to enable the District to meet its cash flow requirements. An adequate percentage of the portfolio should be maintained in liquid short-term securities, which can be converted to cash if necessary to meet disbursement requirements. Since all cash requirements cannot be anticipated, investments in securities with active secondary or retail markets are highly recommended. Emphasis is on marketable securities with low sensitivity to market risk.

Yield: The investment program shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations. Yield should become a consideration only after the basic requirements of safety and liquidity have been met.

Investment Portfolio. As of June 30, 2025, the District had the following cash and investments:

Table 15
South Tahoe Public Utility District
Cash and Investments
as of June 30, 2025

Cash and Cash Equivalents	
Unrestricted:	
Cash on hand	$2,450
Unrestricted deposits in financial institutions	44,479,857
Deposits in Local Agency Investment Fund (LAIF)	997,262
Deposits in El Dorado County Treasury	364,555
Deposits in California Asset Management Program (CAMP)	75,829
Total unrestricted cash and cash equivalents	$45,919,953
Restricted:	
Restricted for debt service payment	$2,423,684
Total restricted cash and cash equivalents	$2,423,684
Total cash and cash equivalents	$48,343,637
Investments	
Unrestricted:	
Federal agency and instrumentalities	$2,840,581
U.S. corporate debt	7,990,788
Asset backed securities	5,482,489
Municipal bonds	296,203
U.S. Treasury obligations	11,196,546
Negotiable certificates of deposit	203,534
Total unrestricted investments	$28,010,141
Restricted:	
Negotiable certificates of deposit	$165,000
Total investments	$28,175,141
Total Cash and Investments	**$76,518,778**

Source: South Tahoe Public Utility District Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025.

Retirement Plans

California Public Employees Retirement System. The District contributes to the California Public Employees Retirement System ("**CalPERS**"), a cost-sharing multi-employer defined benefit pension plan (the "**Plan**"). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California.

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. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. See APPENDIX B – "ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2026.

The Plans' provisions and benefits in effect at June 30, 2026, are summarized as follows:

	Miscellaneous
Hire date	Prior to January 1, 2013
Benefit Formula	2.7% @ 55
Benefit vesting schedule	5 years' service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible comp.	2.0% to 2.7%
Required employee contribution rate	8.000%
Required employer contribution rate	15.24%

	Miscellaneous PEPRA
Hire date	On or after January 1, 2013
Benefit Formula	2.0% @ 62
Benefit vesting schedule	5 years' service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of annual salary	1.0% to 2.5%
Required employee contribution rates	7.750%
Required employer contribution rates	7.87%

Source: South Tahoe Public Utility District.

Annual Contributions, Unfunded Accrued Liability and Net Pension Liability. CalPERS collects employer contributions for the Plan as a percentage of payroll at the Plan's actuarially determined rate. The District's contributions to the Plan for the fiscal years ended June 30, 2025 and 2024 were $2,824,055 and $2,434,781, respectively. The amount of the District's contributions to the Plan for the fiscal year ended June 30, 2025 that were related to the Water System was $[_____].

Based on the annual valuation reports prepared by CalPERS, the estimated unfunded accrued liability for the District's Plans, on a combined basis, was $17,731,166. This actuarial valuation report is prepared as of June 30, 2024 and is the most recently available report.

GASB Statement No. 68 requires the District to annually calculate its "net pension liability," which is the difference between the total pension liability (the present value of projected benefit payments to employees based on their past service) and the assets (mostly investments reported at fair value) set aside in a trust and restricted to paying benefits to current employees, retirees, and their beneficiaries. As of June 30, 2025 and 2024, the District reported net pension liability for its proportionate share of the net pension liability of each Plan to be $15,935,462 and $16,081,652, respectively. The amount of net pension liability related to the Water System as of June 30, 2025, was $[_____], based on Water System contributions as a percentage of total net pension liability.

For additional details on the District's pension liabilities, and the assumptions included therein, see APPENDIX B.

No Other Post-Employment Benefits (OPEB). The District does not provide other post-employment benefits (OPEB).

RISK FACTORS

This section describes certain special considerations and risk factors affecting the payment of and security for the Certificates. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Certificates and the order does not necessarily reflect the relative importance of the various risks. Potential investors in the Certificates are advised to consider these special factors along with all other information in this Official Statement in evaluating the Certificates. There can be no assurance that other considerations will not materialize in the future, and if additional considerations materialize to a sufficient degree, they could delay or prevent payment of principal of and interest on the Certificates.

Water System Demand

There can be no assurance that the demand for water services will occur as described in this Official Statement. Reduction in levels of demand could require an increase in rates or charges to comply with the covenants to fix rates and charges.

Water System Expenses

There can be no assurance that the District's expenses will be consistent with the descriptions in this Official Statement. Increases in expenses could require an increase in rates or charges to comply with the rate covenant.

Regulatory Requirements

The operations of the Water System are subject to state and federal laws and regulations, particularly with respect to water quality requirements. The adoption of more stringent laws or regulations may cause the District to incur greater expenses for the operation of the Water System. No assurance can be given that the costs of complying with any such new laws or regulations will not adversely affect the District's ability to generate sufficient Net Revenues in the amounts or on the schedule required by the Installment Sale Agreement.

Natural Disasters

General. From time to time, the service area of the District is subject to natural calamities that may adversely affect economic activity in the District, which could have a negative impact on Water System finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Water System, or that the District would have insurance or other resources available to make repairs to the Water System in order to generate sufficient Net Revenues to pay debt service on the Certificates when due. The casualty and liability insurance maintained by the District may not cover damages and losses to the Water System due to earthquake, fire, flood or other natural calamities.

Seismic. Like all of California, the service area of the District is subject to unpredictable seismic events such as earthquakes. Potential hazards related to earthquakes include ground shaking, surface rupture along the fault zone, and related secondary ground failures. Typical seismically-induced ground failures include liquefaction, lateral spreading, ground lurching, landslides, inundation, and settlement. Seismic events could destroy or damage portions of the Water System, thereby increases the District's expenses, or reduce demand for its water service by damaging businesses and residential dwelling that are customers, thereby decreasing revenues.

Flooding. Low-lying areas around Lake Tahoe are subject to flooding from heavy rainfall. Dam failure is another potential source of flooding. The District operates two dams, the Indian Creek Reservoir and the Harvey Place Reservoir, in sparsely populated areas of Alpine County. Flooding may cause damage to the District's facilities or other structures within the District's service area and any such damage may be material.

Fire. In recent years, portions of California have experienced wildfires that have burned thousands of acres and destroyed thousands of homes and structures, even in areas not previously thought to be prone to wildfires. In 2007, a wildfire known as the Angora Fire burned in the vicinity of the District and damaged over 300 structures, including a District-owned storage tank and pump station. In 2021, a wildfire known as the Caldor Fire burned approximately 222,000 acres and, at its northeastern edge, reached into the Tahoe Basin where the District's service area is located. Areas affected by wildfires are more prone to flooding and mudslides that can further lead to the destruction of homes. Fires may cause damage to District facilities or other structures within the District's service area and any such damage may be material.

Limitations on Remedies Available to Owners of Certificates

The ability of the District to comply with its covenants under the Trust Agreement and generate sufficient Net Revenues may be adversely affected by actions and events outside of the control of the District or taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "– Articles XIIIC and XIIID" below. Furthermore, any remedies available to the owners of the Certificates upon the occurrence of an event of default under the Trust Agreement are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on remedies contained in the Trust Agreement, the rights and obligations under the Certificates, the Trust Agreement may be subject to the following: the United States 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; usual equity 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 of California and its governmental bodies in the interest of serving a significant and legitimate public purpose.

Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Certificates 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.

Change in Law

In addition to the other limitations described herein, the California electorate or Legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the District. There is no assurance that the California electorate or Legislature will not at some future time approve additional limitations that could have the effect of reducing the Net Revenues and adversely affecting the security of the Certificates.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Certificates could become includable in gross income for purposes of federal income taxation retroactive to the date the Certificates were issued, as a result of future acts or omissions of the District in violation of its covenants in the Trust Agreement. Should such an event of taxability occur, the Certificates are not subject to special redemption and will remain Outstanding until maturity or until redeemed under other provisions set forth in the Trust Agreement.

Articles XIIIC and XIIID

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

Article XIIID. Article XIIID 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 XIIID 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 XIIID requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and must conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it. As a result, if and to the extent that a fee or charge imposed by a local government for water service is ultimately determined to be a "fee" or "charge" as defined in Article XIIID, the local government's ability to increase such fee or charge may be limited by a majority protest.

In addition, Article XIIID includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge may not exceed the funds required to provide the property-related service; (b) such revenues may 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 may not exceed the proportional cost of the service attributable to the parcel; (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; and (e) no fee or change may be imposed for general governmental purposes.

Based upon the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, it was generally believed that Article XIIID did not apply to charges for water services that are "primarily based on the amount consumed" (i.e., metered water rates), which had been held to be commodity charges related to consumption of the service, not property ownership. The Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal. 4th 205 (2006) (the "Bighorn Case"), however, that fees for ongoing water service through an existing connection were 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 complied with the notice and public hearing requirements of Article XIIID in establishing Water System rates and charges.

Article XIIIC. Article XIIIC provides that the initiative power may 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 is applicable to all local governments. Article XIIIC does not define the terms "local tax," "assessment," "fee" or "charge," so it was unclear whether the definitions set forth in Article XIIID referred to above are applicable to Article XIIIC. Moreover, the provisions of Article XIIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the Supreme Court held in the Bighorn Case that the provisions of Article XIIIC included rates and fees charged for domestic water use. In the decision, the Court noted that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations. In any event, the District does not believe that Article XIIIC grants to the voters within the District the power to repeal or reduce rates and charges for the water service in a manner which would be inconsistent with the contractual obligations of the District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Certificates. Remedies available to beneficial owners of the Certificates in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain. So long as the Certificates are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the Certificates and the rights and remedies of the Owners of the Certificates will be exercised through the procedures of DTC.

Proposition 26

Proposition 26 was approved by the electorate at the November 2, 2010 election and amended California Constitution Articles XIIIA and XIIIC. The proposition imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes. Proposition 26, according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters in California Constitution Articles XIIIA, XIIIC and XIIID pursuant to Proposition 13, approved in 1978, Proposition 218, approved in 1996, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope 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 cost to the State or local government of providing the service or product to the payor. Proposition 26 applies to charges imposed or increased by local governments after the date of its

approval. The District believes its Water System rates and charges are not taxes under Proposition 26. The District is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be.

Constitutional Limitations on Appropriations and Fees

Under Article XIIIB of the California Constitution, as amended, state and local government entities have an annual "appropriations limit" which limits their ability to spend certain moneys called "appropriations subject to limitation," which consist of tax revenues, certain state subventions and certain other moneys, including user charges to the extent they exceed the costs reasonably borne by the entity in providing the service for which it is levying the charge. The District is of the opinion that the user charges of the Water System imposed by the District do not exceed the costs the District reasonably bears in providing the Water Service. In general terms, the "appropriations limit" is to be based on certain 1978/79 expenditures, and is to be adjusted annually to reflect changes in the consumer price index, population, and services provided by these entities. Among other provisions of Article XIIIB, if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Future Initiatives

Articles XIIIB, XIIIC and XIIID were adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiatives have been and could be proposed and adopted affecting the Water System's revenues or ability to increase revenues. Neither the nature and impact of these measures nor the likelihood of qualification for ballot or passage can be anticipated by the District.

Limited Recourse on Default

If the District defaults on its obligation to pay the Certificates, the Trustee, as assignee of the Corporation, has the right to accelerate the principal components of the unpaid Installment Payments, which represent the unpaid principal of the Certificates. However, in the event of a default and such acceleration there can be no assurance that the District will have sufficient Net Revenues to pay the accelerated Certificates.

Secondary Market for Certificates

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that any Certificates can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. 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.

No assurance can be given that the market price for the Certificates will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Certificates for audit examination, or

the course or result of any Internal Revenue Service audit or examination of the Certificates or obligations that present similar tax issues as the Certificates.

Future Parity Obligations

As described in "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Parity Obligations" above, the Installment Sale Agreement permits the District to issue Parity Obligations, under which its obligations would be payable on a parity with the Installment Payments.

The coverage tests described in "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES – Parity Obligations" involve, to some extent, projections of Net Revenues. If Parity Obligations are issued, the debt service coverage for the Certificates could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Certificates and any future Parity Obligations.

Potential Impact of Climate Change

There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts.

Numerous scientific studies on global climate change show that, among other effects on the global ecosystem, sea levels will rise, extreme temperatures will become more common, and extreme weather events will become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. For example, the Fourth National Climate Assessment, published by the U.S. Global Change Research Program, in November 2018 (NCA4) finds that more frequent and intense extreme weather and climate-related events, as well as changes in average climate conditions, are expected to continue to damage infrastructure, ecosystems and social systems over the next 25 to 100 years.

Cybersecurity

The District, like many other public and private entities, relies on computer and other digital networks and systems to conduct its operations and finances. As a recipient and provider of personal, private and other sensitive electronic information, the District is potentially subject to multiple cyber threats including, but not limited to, hacking, viruses, malware, ransomware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage.

The District has not had a major cybersecurity breach that resulted in a financial loss or operational disruption. The District continues to monitor the cyber threat landscape (both with internal and external resources) and invest in the latest security technology and training to provide a comprehensive cybersecurity program to protect the District's digital assets. Monitoring the evolving cybersecurity threats is challenging; however, the District utilizes many channels of

information, including Federal (Multi-State Information Sharing and Analysis Center, a division of the Department of Homeland Security), State (Municipal Information Systems Association of California, aka MISAC), and starting in FY 2020-21: a "cybersecurity as-a-service" firm that dedicates two cybersecurity experts to monitor and report back to the District any threats observed in the District's network traffic or on the District connected devices. The District also evaluates the cybersecurity technology protecting the District's digital assets twice annually, during the maintenance contract renewal and during the extensive application process for the MISAC Excellence in Information Technology Practices award, which the District has been awarded every year since 2014. The District also provides regular and ongoing training to all staff on the latest phishing, social engineering attacks, and safe browsing practices to avoid common cybersecurity threat vectors. However, even with this investment in cybersecurity, these attacks can be carefully and patiently orchestrated to take down or disrupt targeted public services, thus no assurances can be given that the District will be successful in guarding against any and each cyber threat or breach.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of owners of the Certificates to provide certain financial information and operating data relating to the District and the Water System by not later than March 1 following the end of each fiscal year (presently the end of the fiscal year is the last day in June), commencing with its report for the fiscal year ended June 30, 2027 (the "Annual Report"), due by March 1, 2028, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and notices of enumerated events will be filed with the Municipal Securities Rulemaking Board (the "MSRB"). These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the "Rule"). The specific nature of the information to be contained in the Annual Report and the enumerated events is summarized in APPENDIX F – "FORM OF CONTINUING DISCLOSURE CERTIFICATE."

The District has previously entered into a continuing disclosure undertaking in connection with wastewater revenue refunding bonds it issued in 2021. In the previous five years, the District has failed to comply with its existing continuing disclosure undertaking by filing audited financial statements and operating and statistical data 546 days late in the case of information related to Fiscal Year 2021-22, and 180 days late in the case of information related to Fiscal Year 2022-23. The District attributes such failures to changes in internal processes, including a transition in staff responsibilities and updates to compliance procedures. The District has since conducted a thorough review of its compliance procedures and has implemented corrective actions to ensure timely filings in the future. These measures include strengthening internal controls, including assigning specific responsibilities for monitoring and filing disclosures, and providing additional training for staff on compliance and reporting requirements. **[NTD: To be confirmed.]**

LEGAL OPINIONS

Legal matters incident to the authorization, execution and delivery of the Certificates are subject to the approving opinion of Jones Hall LLP, San Mateo, California, Special Counsel, and certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Certain legal matters will be passed upon for the District by the District's general counsel, and for the Underwriter by Kutak Rock LLP, Irvine, California, as its counsel. The compensation of Special Counsel, Disclosure Counsel and Underwriter's counsel is contingent on the successful sale of the Certificates.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall LLP, San Mateo, California, Special Counsel, subject, however to the qualifications set forth below, under existing law, the portion of Installment Payments designated as and comprising interest and received by the owners of the Certificates is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. The portion of Installment Payments designated and comprising interest may be subject to the corporate alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") that must be satisfied subsequent to the execution and delivery of the Certificates in order that the interest with respect thereto be, and continue to be, excludable from gross income for federal income tax purposes. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of execution and delivery of the Certificates.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Certificate is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Certificate is sold is greater than the amount payable at maturity thereof, then such difference constitutes "bond premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and bond premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Certificate on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Certificates to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Certificate. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Certificates who purchase the Certificates after the initial offering of a substantial amount of such maturity. Owners of such Certificates should consult their own tax advisors with respect to the tax consequences of ownership of Certificates with original issue discount, including the treatment of purchasers who do not purchase in the original offering to the public at the first price at which a substantial amount of such Certificates is sold to the public.

Under the Tax Code, bond premium is amortized on an annual basis over the term of the Certificate (said term being the shorter of the Certificate's maturity date or its call date). The amount of bond premium amortized each year reduces the adjusted basis of the owner of the Certificate for purposes of determining taxable gain or loss upon disposition. The amount of bond premium on a Certificate is amortized each year over the term to maturity of the Certificate on the

basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Certificate premium is not deductible for federal income tax purposes. Owners of premium Certificates, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Certificates.

California Tax Status. In the further opinion of Special Counsel, the portion of Installment Payments designated as and comprising interest and received by the owners of the Certificates is exempt from California personal income taxes.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest with respect to the Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Certificates. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to Certificates issued prior to enactment.

The opinions expressed by Special Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Special Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest with respect to the Certificates, or as to the consequences of owning or receiving interest with respect to the Certificates, as of any future date. Prospective purchasers of the Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

Owners of the Certificates should also be aware that the ownership or disposition of, or the accrual or receipt of interest with respect to, the Certificates may have federal or state tax consequences other than as described above. Other than as expressly described above, Special Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Certificates s, the ownership, sale or disposition of the Certificates, or the amount, accrual or receipt of interest with respect to the Certificates.

The form of the proposed opinion of Special Counsel is attached as APPENDIX E.

LITIGATION

The Certificates. There is no action, suit, or proceeding known by the District to be pending or threatened at the present time restraining or enjoining the delivery or in any way contesting or affecting the validity of the Certificates, the Installment Sale Agreement, the Trust Agreement or the proceedings of the District or the Trustee taken with respect to the execution or delivery thereof.

Alpine County Litigation. As part of the District's State-regulated operations, the District discharges recycled water to District facilities located in the County of Alpine ("**Alpine County**"). The District and Alpine County entered into a contract in 1967 related to the District's then-anticipated operations. That contract was amended multiple times throughout the years. In a 1983

amendment to the contract, the District agreed to pay Alpine County $100,000 per year. The contract also stated Alpine County would not regulate the District's discharges in excess of the regulations placed upon the District by the Lahontan Regional Water Quality Control Board ("**Lahontan**"). In 1985, after an initiative was passed in Alpine County that would have increased regulations of the District's discharges in excess of those imposed by Lahontan, the California Legislature stripped Alpine County of its ability to prescribe waste discharge requirements on the District.

In 2019, Alpine County sent multiple letters to the District seeking to renegotiate the contract, and stating that the contract was terminable-at-will. The District responded on October 21, 2019, stating that it agreed the contract was terminable-at-will, and that it was appropriate and equitable to terminate the contract. The District has not made any payments under the contract since its termination.

Following receipt of the District's termination letter, Alpine County filed lawsuit against the District alleging breach of the $100,000 per year payment obligation. In its present iteration of its complaint, Alpine County seeks to enforce the contract through various causes of action, and also claims the District's operations constitute a nuisance. Alpine County seeks damages and attorneys' fees. The District denies all wrongdoing, and filed a cross-complaint seeking to recover money previously paid to Alpine County and for declaratory relief. Alpine County's demurrer to the claims seeking to recover payment have been sustained. Through its cross-complaint, the District is currently seeking a declaration that the contract is terminated and that the portion of Alpine County's Code that seeks to regulate the District's activities is invalid.

The parties have actively engaged in settlement discussions, which are ongoing. The hearing for Phase 1 of the litigation is scheduled for May 10, 2027. The District does not believe that the litigation will have a material adverse effect on its operations, including its ability to discharge treated wastewater in Alpine County, or have a material adverse impact on the District's finances or its ability to make the Installment Payments.

RATING

S&P Global Ratings ("S&P") has assigned the Certificates a rating of "___". Such rating reflects only the views of such organization and any desired explanation of the significance of such ratings should be obtained from S&P. The District has furnished to S&P certain materials and information with respect to the District and the Certificates. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. The District and the Municipal Advisor undertake no responsibility to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of any rating might have an adverse effect on the market price or marketability of the Certificates.

MUNICIPAL ADVISOR

The District has retained Bartle Wells Associates, Berkeley, California, as municipal advisor (the "**Municipal Advisor**") in connection with the structuring, marketing and pricing of the Certificates. The Municipal Advisor has reviewed this Official Statement but makes no guaranty,

warranty or other representation respecting the accuracy and completeness of the information contained herein.

UNDERWRITING

Oppenheimer & Co. Inc., as underwriter (the "**Underwriter**"), has entered into a Purchase Contract with the District under which it will purchase the Certificates at a purchase price of $_____, which is equal to the par amount of the Certificates, less an Underwriter's discount of $_____.

The Underwriter will be obligated to take and pay for all of the Certificates if any are taken. The Underwriter intends to offer the Certificates to the public at the offering prices set forth on the inside cover page of this Official Statement. After the initial public offering, the public offering price may be varied from time to time by the Underwriter.

MISCELLANEOUS

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Holders of any of the Certificates.

EXECUTION

The preparation and distribution of this Official Statement has been duly authorized by the District.

SOUTH TAHOE PUBLIC UTILITY DISTRICT

By: _____
General Manager

APPENDIX A

GENERAL INFORMATION ABOUT THE CITY OF SOUTH LAKE TAHOE AND EL DORADO COUNTY

*The following information concerning the City of South Lake Tahoe (the "**City**") and the County of El Dorado (the "**County**"), is included only for the purpose of supplying general information. The Certificates are not a debt of the City, the County, the State of California (the "**State**") or any of its political subdivisions, and are payable solely from the Net Revenues of the District as described in this Official Statement.*

General

The City of South Lake Tahoe. The City of South Lake Tahoe (the "**City**") is part of a broader South Shore community that includes California's El Dorado County in the Tahoe Basin and Nevada's Douglas County at Stateline/Zephyr Cove, in the Sierra Nevada Mountains. The population was 21,472 as of January 1, 2026. The City is located on the South Shore of America's largest alpine lake. As the only incorporated community in the Lake Tahoe Basin, the City is a central hub to one of the country's most popular tourism destinations. The east end of the City, on the California-Nevada state line, is mainly geared towards tourism, with shops, restaurants, hotels, and the Heavenly Ski Resort, with the Nevada casinos just across the state line in Stateline, Nevada. The City extends about five miles west-southwest along U.S. Route 50, also known as Lake Tahoe Blvd. The western end of town is mainly residential, and clusters around "The Y" (new intersection October 2008), the X-shaped intersection of US 50, State Route 89, and Lake Tahoe Boulevard after it loses its state highway designation.

According to the United States Census Bureau, the city has a total area of 16.5 square miles (42.7 km²), of which, 10.1 square miles (26.1 km²) of it is land and 6.4 square miles (16.7 km²) of it (39.03%) is water. Elevation is 6,260 ft.

The County of El Dorado. The County of El Dorado (the "**County**") was incorporated as a general law county in 1850, with the City of Placerville as the county seat. In 1994 County voters adopted a county charter by majority vote under Article XI, Section 4 of the California Constitution, and the County has been organized and operating as a charter county since that time. The legislative body is a five-member Board of Supervisors, each supervisor being elected by voters within his or her supervisorial district. Because much of the County is comprised of unincorporated areas, the County provides a wide range of services through its departments and by special districts for these areas.

The County is comprised of 1,711.5 square miles encompassing a portion of the Lake Tahoe Basin on the east and reaching to the west within 25 miles of Sacramento, California, the State capitol. More than half of the land in the County is owned by the federal, state or local governments. 150 miles west of the County is San Francisco, while 400 miles south is Los Angeles. Placerville is located 44 miles east of Sacramento. The City, sixty miles east of Placerville, is the hub of the Tahoe recreation area.

Population

The following table shows population estimates for the City, the County and the State for the last five years.

CITY OF SOUTH LAKE TAHOE, EL DORADO COUNTY AND STATE OF CALIFORNIA
Population Estimates
Calendar Years 2022 through 2026 as of January 1

Year (January 1)	City of South Lake Tahoe	El Dorado County	State of California
2022	20,890	189,617	39,159,480
2023	20,777	186,992	39,167,274
2024	21,455	189,997	39,446,835
2025	21,537	190,397	39,646,907
2026	21,472	189,852	39,592,978

Source: State Department of Finance.

Employment and Industry

The unemployment rate in the Sacramento-Roseville-Folsom MSA was 5.0 percent in September 2026, down from a revised 5.2 percent in August 2026, and below the year-ago estimate of 5.2 percent. This compares with an unadjusted unemployment rate of 5.1 percent for California and 4.0 percent for the nation during the same period. The unemployment rate was 5.0 percent in El Dorado County, 4.4 percent in Placer County, 5.1 percent in Sacramento County, and 5.5 percent in Yolo County.

The table below lists employment by industry group for the MSA for the years 2021 to 2025.

SACRAMENTO--ARDEN-ARCADE--ROSEVILLE MSA
(El Dorado, Placer, Sacramento, Yolo Counties)
Annual Average Labor Force and Employment Industry
Calendar Years 2021 through 2025
(March 2025 Benchmark)

	2021	2022	2023	2024	2025
Civilian Labor Force [1]	1,129,300	1,142,600	1,166,200	1,187,700	1,206,600
Employment	1,057,700	1,099,500	1,117,200	1,132,300	1,146,600
Unemployment	71,600	43,100	49,000	55,400	60,000
Unemployment Rate	6.3%	3.8%	4.2%	4.7%	5.0%
Wage and Salary Employment [2]					
Agriculture	9,000	8,600	9,000	8,700	8,600
Mining and Logging and Construction	75,400	77,700	75,300	77,000	75,100
Manufacturing	37,700	40,600	40,600	39,900	39,000
Wholesale Trade	26,900	28,300	28,400	27,800	26,600
Retail Trade	100,600	100,300	98,900	97,600	98,300
Transportation, Warehousing and Utilities	37,500	40,800	41,700	41,500	41,900
Information	10,100	10,500	10,000	9,300	8,800
Financial Activities	51,800	51,800	48,000	46,400	45,700
Professional and Business Services	137,200	139,800	136,000	135,500	134,700
Educational and Health Services	168,800	175,600	187,300	201,000	215,100
Leisure and Hospitality	93,600	108,700	112,200	110,400	110,500
Other Services	33,300	36,100	38,200	39,000	38,600
Federal Government	14,500	14,400	14,500	14,500	14,100
State Government	127,300	129,800	134,700	142,000	141,500
Local Government	98,400	102,700	107,400	109,400	111,400
Total, All Industries [3]	1,021,900	1,065,500	1,082,300	1,100,000	1,109,800

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Largest Employers

The following table shows the largest major employers in El Dorado County, in alphabetical order.

EL DORADO COUNTY
Major Employers (Listed alphabetically)
As of October 2026

Employer Name	Location	Industry
Beach Retreat & Lodge	South Lake Tahoe	Hotels & Motels
Blue Shield of California	El Dorado Hills	Insurance
Broadridge Financial Solutions	El Dorado Hills	Business Services NEC
Camp Richardson Resort	South Lake Tahoe	Resorts
CEMEX	El Dorado Hills	Construction Companies
Child Development Programs	Placerville	Youth Organizations & Centers
El Dorado County Child Protctn	Placerville	Government Offices-County
El Dorado County Sheriff	Placerville	Sheriff
El Dorado County Trnsprtn	Placerville	Car Service
El Dorado Irrigation District	Placerville	Utilities
El Dorado Union High School	Placerville	Schools
Marriott's Timber Lodge	South Lake Tahoe	Resorts
More	Placerville	Vocational Rehabilitation Services
Nugget Markets	El Dorado Hills	Grocers-Retail
Oak Ridge High School	El Dorado Hills	Schools
Raley's	Placerville	Grocers-Retail
Safeway	El Dorado Hills	Grocers-Retail
Safeway	South Lake Tahoe	Grocers-Retail
Sierra-At-Tahoe Resort	Twin Bridges	Skiing Centers & Resorts
Sky Mountain Charter School	Placerville	Schools
South Lake Tahoe City Manager	South Lake Tahoe	City Government-Executive Offices
Spare Time Inc	El Dorado Hills	Health Clubs Studios & Gymnasiums
Top To Bottom Inside & Out Inc	El Dorado Hills	Home Improvements
Transitional Learning Ctr High	South Lake Tahoe	Schools
Zephyr Cove Resort	South Lake Tahoe	Marinas

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2026 2nd Edition.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income." The following table summarizes Estimated Effective Buying Income for the City, the County, the State and the United States for 2023 through 2027.

CITY OF SOUTH LAKE TAHOE, EL DORADO COUNTY,
STATE OF CALIFORNIA AND UNITED STATES
Estimated Effective Buying Income
As of January 1, 2023 through 2027

Year	Area	Estimated Total Effective Buying Income (000's Omitted)	Estimated Median Household Effective Buying Income
2023	City of South Lake Tahoe	$760,840	$56,424
	El Dorado County	8,459,722	81,743
	California	1,461,799,662	77,175
	United States	11,454,846,397	65,326
2024	City of South Lake Tahoe	$803,856	$62,892
	El Dorado County	9,264,986	86,918
	California	1,510,708,521	80,973
	United States	11,987,185,826	67,876
2025	City of South Lake Tahoe	$865,625	$68,911
	El Dorado County	10,015,248	95,149
	California	1,557,429,767	82,725
	United States	12,525,577,707	69,687
2026	City of South Lake Tahoe	$1,003,577	$76,314
	El Dorado County	10,672,401	100,395
	California	1,730,654,738	90,403
	United States	13,932,177,817	75,433
2027	City of South Lake Tahoe	$1,043,733	$78,657
	El Dorado County	11,052,125	100,934
	California	1,777,381,182	91,733
	United States	14,288,950,563	76,807

Source: Claritas, LLC.

Commercial Activity

A summary of historic taxable sales within the City and the County during the past five years for which data is available is shown in the following tables.

Total taxable sales during the first quarter of calendar year 2026 in the City were reported to be $120,776,222, a 3.1% increase over the total taxable sales of $117,094,518 reported during the first quarter of calendar year 2025.

CITY OF SOUTH LAKE TAHOE
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	659	$416,465	1,064	$489,008
2022	664	456,236	1,087	543,905
2023	648	444,266	1,063	530,905
2024	631	441,575	1,042	539,340
2025	637	455,533	1,061	552,915

Source: State Department of Tax and Fee Administration.

Total taxable sales during the first quarter of calendar year 2026 in the County were reported to be $753,488,804, a 0.2% increase from the total taxable sales of $752,199,391 reported during the first quarter of calendar year 2025.

COUNTY OF EL DORADO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2021	3,797	$2,272,978	6,547	$3,120,528
2022	3,821	2,422,073	6,664	3,363,405
2023	3,561	2,320,841	6,354	3,262,104
2024	3,563	2,302,870	6,376	3,248,738
2025	3,623	2,331,798	6,555	3,340,062

Source: State Department of Tax and Fee Administration.

Tourism

Tourism has long been a major component of the City's and County's economy. Lake Tahoe is a world-class destination attraction with a varied offering of both winter and summer sports. Marwill State Park Gold Discovery Site, Folsom Lake, Apple Hill (a ranch marketing area) and other attractions in the western part of the County provide another range of diversity to visitors. Much of the central part of the County lies in the El Dorado and Tahoe National Forests which provide hiking, camping, fishing, hunting and other outdoor recreation.

Transportation

Two major highways (U.S. 50 and U.S. 49) intersect the County while Interstate 5 and Interstate 80 are within 45 minutes of the City of Placerville. Commercial air service is provided to the western portion of the County by the Sacramento Metropolitan Airport, 50 miles west of the City of Placerville. More than 200 trucking firms serve the County area, with interstate, local and special hauling. The City and the County are also served by Greyhound Bus Lines.

APPENDIX B

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS

APPENDIX D

BOOK-ENTRY SYSTEM

The information in this Appendix D concerning DTC and its book-entry system has been obtained from sources that the District believe to be reliable, but the District takes no responsibility for the accuracy thereof.

General

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

DTC 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 has S&P Global Ratings rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at *www.dtcc.org*. The information on such website is not incorporated by reference herein.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, who will receive a credit for the Certificates on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Certificates 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

Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, who 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.

Prepayment notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on a 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 nor its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

APPENDIX E

FORM OF SPECIAL COUNSEL OPINION

APPENDIX F

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_____
South Tahoe Public Utility District
2027 Water Revenue Certificates of Participation

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the South Tahoe Public Utility District (the "District") in connection with the execution and delivery of the above-referenced certificates of participation (the "Certificates") under the Trust Agreement dated as of February 1, 2027 (the "Trust Agreement") among the District, the CSDA Finance Corporation, and U.S. Bank Trust Company, National Association, as trustee (the "Trustee").

The District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

"Dissemination Agent" means the District, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"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 MSRB consistent with the Rule.

"Fiscal Year" means the fiscal year of the District.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement relating to the Certificates, dated _____, 2027.

"Participating Underwriter" shall mean the original purchaser of the Certificates required to comply with the Rule in connection with offering of the Certificates.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than each March 1 after the end of each Fiscal Year, or the next succeeding business day if that day is not business day, commencing with the report for the fiscal year ending June 30, 2027, which shall be due by March 1, 2028, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The 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 the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Fiscal Year changes, the District shall give notice of such change in the same manner as for a Listed Event under Section 5(b).

(b) Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the District shall send, in a timely manner, a notice to the MSRB in the form required by the MSRB.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the District), file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The District's Annual Report shall contain or include by reference the:

(a) The District's audited financial statements 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 Annual Report Date, 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 become available.

(b) An update as of the most recently ended Fiscal Year of the District to the information set forth in the following tables in the Official Statement for the most recently-completed Fiscal Year only:

i. Table 1 (Number and Type of Water Connections)

ii. Table 2 (Ten Largest Water System Customers)

iii. Table 7 (Historical Composition of Water Services Charges by Type of Customer – for the most recently completed Fiscal Year only)

iv. Table 13 (Historical Revenues, Expenses and Debt Service Coverage – for the most recently completed Fiscal Year only)

(c) Any rate increases that became effective during the preceding fiscal year.

(d) 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 each of the MSRB 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.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Trust Agreement or its obligations in relation to the Certificates:

(1) Principal and interest payment delinquencies;

(2) Nonpayment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

(7) Modifications to the rights of Certificateholders, if material;

(8) Certificate prepayments, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Certificates, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the District;

(13) 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, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, and, if the Listed Event is described in subsections (a)(2), (a)(6), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14) or (a)(15) above, the District determines that knowledge of the occurrence of that Listed Event would be material under applicable Federal securities law, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Certificates under the Installment Sale Agreement.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a certificate prepayment), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Certificates. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Upon occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States 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 District, or if such jurisdiction has been assumed by leaving the existing governing 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 District.

SECTION 6. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior optional prepayment or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 7. Dissemination Agent. The District will serve as the initial Dissemination Agent hereunder. The District may, from time to time, appoint or engage a different Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent, if other than the District, shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate.

SECTION 8. 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 Annual Report or 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 Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the District or the Dissemination Agent to comply with any provision of this Disclosure Certificate, the sole legal remedy of any Holder or Beneficial Owner of the Certificates or the Participating Underwriter shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement.

No Certificate holder or Beneficial Owner 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.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, suit, claim, cost, damages, judgment, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees and expenses) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent shall be afforded the same rights, protections and immunities hereunder afforded to it as Trustee under the Trust Agreement.

It is understood and agreed that any information that the Dissemination Agent may be instructed to file with the MSRB shall be prepared and provided to it by the District. The Dissemination Agent has undertaken no responsibility with respect to any reports, notices or disclosures provided to it under this Disclosure Certificate, and has no liability to any person,

including any holder of Certificates, with respect to any such reports, notices or disclosures. The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the District shall not be construed to mean that the Dissemination Agent has actual knowledge of any event or condition except as may be provided by written notice from the District.

SECTION 11. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the same manner as for a Listed Event under Section 5(b). The District shall obtain the consent of the Dissemination Agent for any amendment of the Disclosure Certificate that affects the duties, rights, protections or obligations of the Dissemination Agent.

SECTION 12. Transmission of Notices, Documents and Information.

(a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is *www.emma.msrb.org*.

(b) All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. The provisions of this Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of California.

Dated: _____, 2027

SOUTH TAHOE PUBLIC UTILITY DISTRICT

By _____
Authorized Representative

$_____
SOUTH TAHOE PUBLIC UTILITY DISTRICT
2027 WATER REVENUE CERTIFICATES OF PARTICIPATION

CERTIFICATE PURCHASE AGREEMENT

[CPA Date]

South Tahoe Public Utility District
1275 Meadow Crest Drive
South Lake Tahoe, California 96150

Ladies and Gentlemen:

Oppenheimer & Co. Inc. (the "**Underwriter**"), acting not as fiduciary or agent for you, but on behalf of itself, offers to enter into this Certificate Purchase Agreement (this "**Purchase Agreement**") with the South Tahoe Public Utility District (the "**District**"), which upon acceptance will be binding upon the District and upon the Underwriter. This offer is made subject to the District's acceptance by the execution of this Purchase Agreement and its delivery to the Underwriter at or before 11:59 p.m., Pacific Time, on the date of this Purchase Agreement and, if not, so accepted will be subject to withdrawal by the Underwriter upon notice delivered to the District at any time prior to the acceptance hereof by the District.

The District acknowledges and agrees that: (i) the purchase and sale of the 2027 Water Revenue Certificates of Participation (the "**Certificates**") pursuant to this Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriter, and that the Underwriter has financial and other interests that differ from those of the District; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as a Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended); (iii) the Underwriter has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has provided other services or is currently providing other services to the District on other matters); (iv) the only obligations that the Underwriter has to the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Agreement; and (v) the District has consulted its own legal, accounting, financial and/or municipal, tax and other advisors to the extent that it has deemed appropriate for this transaction. The District acknowledges that it has previously provided the Underwriter with an acknowledgement of receipt of the required Underwriter disclosure under Rule G-17 of the Municipal Securities Rulemaking Board (the "**MSRB**").

Section 1. Obligation to Purchase.

Upon the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the District hereby agrees to cause to be executed and delivered by U.S. Bank Trust Company, National Association (the "**Trustee**"), $_____ aggregate principal

amount of Certificates pursuant to a Trust Agreement, dated as of February 1, 2027 (the "**Trust Agreement**"), by and among the District, the CSDA Finance Corporation (the "**Corporation**"), and the Trustee, and the Underwriter hereby agrees to purchase all of the Certificates for offering to the public. The Certificates shall be delivered in the form of current interest certificates and shall represent the fractional undivided interests of the Owners thereof in installment payments payable by the District (the "**Installment Payments**") under an Installment Sale Agreement, dated as of February 1, 2027 (the "**Installment Sale Agreement**"), by and between the District and the Corporation, representing principal installments and interest payments payable at the rates per annum set forth in Appendix A hereto. Pursuant to the Trust Agreement, the Corporation has assigned to the Trustee the Corporation's right to receive and collect the Installment Payments from the District and other amounts payable by the District to the Corporation.

Interest with respect to the Certificates will be payable on each February 1 and August 1, commencing August 1, 2027. The Certificates shall also represent principal payments due on the dates and in the amounts set forth in Appendix A. The Certificates shall be as described in, shall be subject to prepayment and shall be executed and delivered under and pursuant to the Trust Agreement. Capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the respective meanings set forth for such terms in the Trust Agreement.

The Underwriter agrees to make a bona fide initial public offering of all the Certificates at a price not in excess of the initial public offering prices or yields not less than the yields to be set forth in the Official Statement (defined below). Subsequent to the initial public offering, the Underwriter reserves the right to change the public offering prices or yields as it deems necessary in connection with the marketing of the Certificates, provided that the Underwriter shall not change the interest rates set forth on Appendix A hereto.

The obligation of the District to make Installment Payments as set forth in the Installment Sale Agreement constitutes an obligation payable from Net Revenues, consisting primarily of all income and revenue received by the District from the operation or ownership of the water system of the District (the "**Water System**") remaining after payment of Operation and Maintenance Costs.

Neither the Certificates nor the obligation of the District to make the Installment Payments constitutes a debt or indebtedness of such District, the Corporation, the County of El Dorado (the "**County**"), the State of California (the "**State**") or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction, or constitutes a pledge of the full faith and credit of any of the District, the Corporation, the County, the State or any of its political subdivisions.

The District will, pursuant to a Continuing Disclosure Certificate (the "**Continuing Disclosure Undertaking**"), dated as of the Closing Date (defined below), undertake to provide certain annual financial information and notices of the occurrence of certain listed events under federal securities laws. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement (each as described herein).

The Certificates are being executed and delivered to: (i) finance capital improvement projects of the District for its Water System; and (ii) pay the costs of executing and delivering the Certificates.

Section 2. Purchase Price.

The purchase price of the Certificates shall be $_____ (which represents the total aggregate principal amount with respect to the Certificates originally sold and delivered, plus an original issue premium of $_____, less an Underwriter's discount of $_____).

Section 3. Official Statement.

(a) The Underwriter hereby represents that it has received and reviewed the Preliminary Official Statement with respect to the Certificates dated [POS Date] (as amended or supplemented, the "**Preliminary Official Statement**"). The District represents that it has deemed the Preliminary Official Statement to be "final" for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**"), except for the omission of certain information permitted to be omitted by such Rule, which generally includes the offering price(s), interest rate(s), selling compensation, aggregate principal or issue amount, principal amount per maturity, delivery date and rating(s) of and/or on the Certificates.

(b) The Underwriter agrees that prior to the time a final Official Statement relating to the Certificates is available, the Underwriter will send to any potential purchaser of the Certificates, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement relating to the Certificates. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date such request is received.

(c) The District hereby ratifies, confirms and approves the use and distribution by the Underwriter before the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriter to use and distribute, in connection with the offer and sale of the Certificates: the Preliminary Official Statement, the Official Statement, the District Agreements (defined below) and other documents or contracts to which the District is a party in connection with the transactions contemplated by this Purchase Agreement, including this Purchase Agreement and all information contained herein, and all other documents, certificates and statements furnished by the District to the Underwriter in connection with the transactions contemplated by this Purchase Agreement.

(d) Within seven (7) business days from the date hereof, and in any event not later than two (2) business days before the Closing (defined below), the District shall deliver to the Underwriter a final Official Statement relating to the Certificates dated the date hereof (such Official Statement, including the cover page and all appendices attached thereto, together with all information previously permitted to have been omitted by the Rule and any amendments or supplements and statements incorporated by reference therein or attached thereto, as have been approved by the District, Special Counsel (defined below), and the Underwriter, is referred to herein as the "**Official Statement**") and such additional conformed copies thereof as the Underwriter may reasonably request in sufficient quantities to comply with the Rule, rules of the Municipal Securities Rulemaking Board (the "**MSRB**"), and to meet potential customer requests for copies of the Official Statement. An authorized officer of the District shall execute the Official Statement. Such final Official Statement shall be substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriter and the District who hereby authorizes the Underwriter to use and distribute the final Official Statement in connection with the offering and sale of the Certificates. The District shall prepare the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB's Rule G-32 and shall provide the electronic

copy of the word-searchable PDF format of the Official Statement to the Underwriter no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

(e) The Underwriter agrees to file the Official Statement with the MSRB through its Electronic Municipal Market Access (**"EMMA"**) system or as otherwise provided by the Securities Exchange Commission or MSRB within one business day after receipt thereof from the District, but in no event later than the Closing Date.

(f) References herein to the Preliminary Official Statement and the final Official Statement include the cover page, inside cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto.

Section 4. Closing.

(a) At or before 9:00 a.m., Pacific Time, on [Closing Date], or at such other time or on such earlier or later date as the parties hereto shall agree (the "**Closing Date**"), the District will deliver or cause to be delivered to the Underwriter through the facilities of The Depository Trust Company ("**DTC**"), or at such other place upon which the Underwriter and the District may mutually agree, the Certificates in the form of a single fully registered Certificate (which may be printed, copied photostatically or typewritten) for each of the maturities of the Certificates, duly executed, and, at the offices of Special Counsel (defined herein) in San Mateo, California, or at such other place as may be mutually agreed upon, the other documents mentioned below (the "**Closing**"). Upon satisfaction of all conditions to the Closing set forth herein, the Underwriter will accept such delivery and pay the purchase price thereof in immediately available funds (by check, wire transfer or other manner of payment as to which the Underwriter may mutually agree) to the order of the Trustee.

(b) The Certificates shall be executed and delivered under and in accordance with the provisions of this Purchase Agreement and the Trust Agreement. The Certificates shall bear CUSIP Service Bureau numbers, but the failure to print any such number on any of the Certificates shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of, or pay for, the Certificates in accordance with this Purchase Agreement. The Certificates duly executed shall be made available to the Underwriter, electronically, for inspection at least two (2) business days prior to the Closing Date.

Section 5. Representations and Warranties of the District.

The District represents and warrants to the Underwriter that:

(a) The District is a public utility district that is duly organized and existing pursuant to the Constitution and laws of the State of California and has all necessary power and authority to adopt the resolution dated _____, 2026 (the "**Resolution**") relating to the Certificates and to enter into and perform its duties under the Installment Sale Agreement, Trust Agreement, Continuing Disclosure Undertaking and this Purchase Agreement (collectively, the "**District Agreements**"), and, when validly authorized, executed and delivered by the other respective parties thereto, the District Agreements will constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting, creditors' rights generally.

(b) The execution and delivery by the District of the District Agreements and compliance with the provisions thereof have been duly authorized by all necessary official action on the part of the District and will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, bylaw or any agreement to which the District is subject or by which it is bound or by which its properties may be affected, in each case which breach or default has or would have a material adverse effect upon the ability of the District to perform its obligations under the District Agreements.

(c) Except as described in or contemplated by the Preliminary Official Statement or the Official Statement or as may be required under Blue Sky or other securities laws of any state, there is no consent, approval, authorization or other order, filing with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of the Certificates or the entering into by the District of the District Agreements or the consummation by the District of the transactions contemplated thereby and by this Purchase Agreement, except as have already been obtained or will be obtained on or prior to the Closing Date.

(d) To the best of the District's knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending with respect to which proper notice has been duly served upon and received by the District, or threatened against the District: (i) in any way questioning the corporate existence of the District or the titles of the officers of the District to their respective offices; (ii) affecting, contesting or seeking to prohibit, restrain or enjoin the issuance of any of the Certificates, or in any way contesting or affecting the validity of the Certificates or the District Agreements or the consummation of the transactions contemplated thereby, or contesting the exclusion of the interest component of the Installment Payments from gross income for federal income tax purposes or contesting the powers of the District to enter into the District Agreements; (iii) which, except as described in the Preliminary Official Statement and the Official Statement, may result in any material adverse change to the financial condition of the District or to its ability to pay the Installment Payments when due; or (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto or asserting that the Preliminary Official Statement or the Official Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and to the best of the District's knowledge, there is no basis for any action, suit, proceeding, inquiry or investigation of the nature described in this paragraph.

(e) Preparation and distribution of the Official Statement pertaining to the Certificates has been duly authorized by the District and the information contained therein as of the date hereof and as of the Closing Date, as to the District and the Water System, is and will be true and correct in all material respects and such information does not and will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(f) The District agrees that if at any time prior to the End of the Underwriting Period, as defined under the Rule, any event occurs as a result of which the Official Statement as then in effect would include any untrue statement of a material fact or omit to state any fact necessary to make the statements made therein not misleading in any material respect, the District shall cooperate with the Corporation in promptly preparing an amendment or supplement that will correct such statement or omission. The District will advise the Underwriter promptly of any proposal to so amend

or supplement the Official Statement and will effect such amendment or supplement in a form and manner approved by the Underwriter, which approval shall not be unreasonably withheld. The Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which made, not misleading.

(g) The District agrees to cooperate with the Underwriter in endeavoring to qualify the Certificates for offering and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriter may reasonably request; provided, however, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(h) The District will, pursuant to its Continuing Disclosure Undertaking, agree to provide or cause to be provided to the MSRB through its EMMA system and any public or private repository or entity designated by the Securities and Exchange Commission for purposes of the Rule certain annual financial information and operating data, and, in a timely manner, notice of certain listed events respecting the Certificates in order to assist the Underwriter in complying with the Rule. Except as disclosed in the Preliminary Official Statement and Official Statement, the District has not, within the past five years, failed to comply in all material respects with its previous undertakings to provide annual reports and notices of listed events.

(j) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit (other than as permitted by the Rule) to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(k) Except as described in the Preliminary Official Statement and the Official Statement, the District does not have outstanding any other indebtedness which indebtedness is secured by a lien on the Net Revenues on a basis superior to or on a parity with the lien of the Installment Payments on the Net Revenues.

(l) Between the date of this Purchase Agreement and the Closing Date, and except as otherwise disclosed in the Preliminary Official Statement and the Official Statement, the District will not, without the prior written consent of the Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, directly or contingently payable from the Net Revenues.

(m) The financial statements of, and other financial information regarding the District, in the Official Statement fairly present the financial position and results of the District as of the dates and for the periods therein set forth. Prior to the Closing, there will be no adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the District. The District is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the District, would have a materially adverse effect on the financial condition of the District.

Section 6. Establishment of Issue Price.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an "issue price" or similar

certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) Except as otherwise set forth in Appendix A, the District will treat the first price at which 10% of each maturity of the Certificates (the "**10% test**") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Agreement, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Certificates. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either: (i) the Underwriter has sold all Certificates of that maturity; or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that the Underwriter's reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the District or Special Counsel. For purposes of this Section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Purchase Agreement at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Appendix A attached hereto. Appendix A also sets forth, as of the date of this Purchase Agreement, the maturities, if any, of the Certificates for which the 10% test has not been satisfied and for which the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "**hold-the-offering-price rule**"). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity 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 business day after the sale date; or

(2) the date on which the Underwriter has sold at least 10% of the maturity of the Certificates to the public that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The District acknowledges that, in making the representation set forth in this subsection, the Underwriter will rely on: (i) in the event that a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires; and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to

comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(d) The Underwriter confirms that: (i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable: (A)(1) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Securities of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter; and (2) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter; (B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Securities to the public (each such term being used as defined below); and (C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public; and (ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to: (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer; and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to the Underwriter shall not constitute sales to the public for purposes of this Section. Further, for purposes of this Section:

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means: (A) any person that agrees pursuant to a written contract that the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public; and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates),

(3) a purchaser of any Certificates 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 of execution of this Purchase Agreement by all parties.

Section 7. Conditions to the Obligations of the Underwriter.

The obligation of the Underwriter to accept delivery of and pay for the Certificates on the Closing Date shall be subject, at the option of the Underwriter, to the accuracy in all material respects of the representations, warranties and agreements on the part of the District contained herein and in the Installment Sale Agreement, as of the date hereof and as of the Closing Date, to the accuracy in all material respects of the statements of the officers and other officials of the Trustee, the Corporation and the District made in any certificates or other documents furnished pursuant to the provisions hereof or of the District Agreements, and to the performance by the Trustee, the Corporation and the District of their respective obligations to be performed hereunder and under the District Agreements on or prior to the Closing Date, and to the following additional conditions:

(a) As of the Closing Date, the District Agreements and the Official Statement shall have been duly authorized, executed and delivered by the respective parties thereto, in substantially the forms heretofore submitted to the Underwriter with only such changes as shall have been agreed to in writing by the Underwriter, and said agreements shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriter, and there shall have been taken in connection therewith, with the execution and delivery of the Certificates and with the transactions contemplated thereby and by this Purchase Agreement, all such actions as Special Counsel shall deem to be necessary and appropriate in order to permit it to render the opinion set forth in Appendix E to the Official Statement.

(b) As of the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, the District and the Corporation.

(c) Marketability Between the Date Hereof and the Closing. The market price or marketability or the ability of the Underwriter to enforce contracts of the sale of the Certificates, at the initial offering prices set forth in the official statement, in the reasonable opinion of the Underwriter, shall not have been materially adversely affected by reason of any of the following:

(1) Legislation enacted or introduced in the Congress or passed by either House of Congress, or favorably reported for passage to either House of Congress by any Committee of such House to which such legislation has been referred for consideration, or introduced in the Congress recommended for passage by the President of the United States, or a decision rendered by a

court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement or made:

(i) by or on behalf of the United States Treasury Department or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the Installment Payments as would be received by the Corporation or the Trustee under the Installment Sale Agreement or upon such interest portion of the Installment Payments as would be received by the owners of the Certificates; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Certificates, or obligations of the general character of the Certificates, including any and all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Trust Agreement is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(2) the declaration of war or engagement in or escalation of major military hostilities by the United States or any other national emergency or international calamity relating to the effective operation of the government or the financial community in the United States;

(3) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(4) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Certificates, or obligations of the general character of the Certificates, or securities generally, or the material increase of any such restrictions now in force;

(5) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Certificates, or the issuance, offering or sale of the Certificates, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(6) after the date hereof, up to and including the time of the Closing, there has occurred any change in or particularly affecting the District, the District Agreements or the Net Revenues as the foregoing matters are described in the Official Statement, which in the reasonable professional judgment of the Underwriter materially impairs the investment quality of the Certificates;

(7) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading;

(8) the withdrawal, suspension, negative change or downgrading or placement on credit watch of any underlying rating of the District's outstanding indebtedness by a national rating agency;

(9) there shall have occurred any materially adverse change in the affairs or financial condition of the District;

(10) the occurrence of a major financial crisis, a material disruption in commercial banking or securities settlement or clearance services, or a material disruption or deterioration in the fixed income or municipal securities market which, in the Underwriter's reasonable judgment, materially adversely affects the marketability or market price of the Certificates;

(11) legislation enacted by the State legislature or a decision rendered by a State Court, or a ruling, order or regulation (final or temporary) made by a State authority, would have the effect of changing, directly or indirectly, the consequences of interest on obligations of the general character of the Certificates in the hands of the holders thereof; or

(12) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement.

(d) On or prior to the Closing Date, the Underwriter shall receive satisfactory evidence that the Certificates have been assigned the ratings set forth on the cover of the Official Statement, and that such ratings have not been lowered, withdrawn or placed under review or "Credit Alert" prior to the Closing Date.

(e) On or prior to the Closing Date, the Underwriter shall have received the following documents, in each case satisfactory in form and substance to the Underwriter:

(1) the District Agreements, each duly executed and delivered by the respective parties thereto, with such amendments, qualifications or supplements as may have been agreed to in writing by the Underwriter;

(2) an approving opinion of Jones Hall LLP ("**Special Counsel**") substantially in the form included as Appendix E to the Official Statement, dated the Closing Date and addressed to the District, and a reliance letter addressed to the Underwriter and Trustee, of Special Counsel, together with an additional supplemental opinion in a form acceptable to the Underwriter, dated the Closing Date and addressed to the Underwriter, to the effect that:

(i) the District has full right and lawful authority to enter into and perform its duties under the District Agreements, and the District Agreements have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the District, enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights or remedies and are subject to general principals of equity (regardless of whether such enforceability is considered in equity or at law);

(ii) the statements contained in the Official Statement in the sections entitled "INTRODUCTION," "THE CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE CERTIFICATES," "TAX MATTERS" and "CONTINUING DISCLOSURE" and "APPENDIX C – "SUMMARY OF CERTAIN PROVISIONS OF THE LEGAL DOCUMENTS," insofar as such statements purport to summarize certain provisions of the Certificates, the Installment Sale Agreement, the Trust Agreement, the Continuing Disclosure Undertaking and the form and content of Special Counsel's approving opinion with respect to the exclusion from gross income for federal income tax purposes and exemption from present State of California personal income taxes of the interest component of Installment Payments, present a fair and accurate summary of such provisions therein; and

(iii) the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended;

(3) a letter of Jones Hall LLP, San Mateo, California, as disclosure counsel ("**Disclosure Counsel**") addressed to the Underwriter, the District and the Corporation, to the effect that, based upon the information provided to such counsel in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement, and without having undertaken to determine independently the accuracy or completeness of the statements contained in the Preliminary Official Statement or the Official Statement, such counsel have no reason to believe that the Preliminary Official Statement, as of its date or the date of this Purchase Agreement, or the Official Statement, as of its date and as of the Closing Date (except for any financial statements and other financial, statistical or engineering data, numbers, charts, estimates, projections, assumptions or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters included therein, the appendices thereto, and information relating to The Depository Trust Company and its book-entry only system, as to which no view need be expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(4) an opinion of counsel to the Trustee, addressed to the Underwriter, together with a reliance letter addressed to the Corporation and the District, dated the Closing Date to the effect that:

(i) the Trustee has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States with full corporate power to undertake the trust of the Trust Agreement;

(ii) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the Corporation and the District of the Trust Agreement, the Trust Agreement constitutes the legal, valid and binding agreement of the Trustee, enforceable against the Trustee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(iii) the Certificates have been validly authorized, executed and delivered by the Trustee; and

(iv) exclusive of federal or state securities laws' requirements, no authorization, approval, action or other filing with any governmental agency or, to such counsel's knowledge, any other person or corporation is required for the valid authorization, execution and delivery of the Trust Agreement;

(5) an opinion of general counsel to the District, addressed to the District, the Trustee and the Underwriter, dated the Closing Date, to the effect that:

(i) the District is duly organized and validly existing as a public utility district under the laws of the State of California;

(ii) the Resolution was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which proper notice has been duly served upon and received by the District or, to the best of our knowledge, threatened against the District which would materially adversely affect the ability of the District to perform its obligations under the District Agreements, the Certificates, or seeking to restrain or to enjoin the execution and delivery of the Certificates, or the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the validity or enforceability of the District Agreements or the Certificates or the accuracy of the Official Statement, or any action of the District contemplated by any of said documents;

(iv) the District Agreements have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the District, enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights or remedies and are subject to general principals of equity (regardless of whether such enforceability is considered in equity or at law); and

(v) to the best of such counsel's knowledge after due inquiry, the execution and delivery of the District Agreements by the District and compliance by the District with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the District a breach of or default under any agreement or other instrument applicable to or binding upon the District, or any existing law, regulation, court order, or consent decree to which the District is subject, in each case which breach or default has or would have a material adverse effect upon the ability of the District to perform its obligations under the District Agreements;

(6) an opinion of counsel to the Corporation, addressed to the Corporation, the Trustee and the Underwriter, dated the Closing Date, to the effect that:

(i) the Corporation is duly organized and validly existing as a nonprofit public benefit corporation under the laws of the State of California and is possessed of full power to own and hold real and personal property and to lease and sell the same;

(ii) the resolution of the Corporation approving and authorizing the execution and delivery of the Trust Agreement and the Installment Sale Agreement (collectively, the "**Corporation Documents**") was duly adopted at a meeting of the governing body of the Corporation which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout;

(iii) the Corporation Documents have been duly authorized, executed and delivered by the Corporation and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the Corporation, enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights or remedies and are subject to general principals of equity (regardless of whether such enforceability is considered in equity or at law);

(iv) except as disclosed in the Official Statement, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body is pending with respect to which proper notice has been duly served upon and received by the Corporation or, to the best of our knowledge, threatened against the Corporation which would materially adversely affect the ability of the Corporation to perform its obligations under the Corporation Documents, or in any way contesting or affecting the validity or enforceability of the Corporation Documents or the accuracy of the Official Statement, or any action of the Corporation contemplated by any of said documents; and

(v) to the best of such counsel's knowledge after due inquiry, the execution and delivery of the Corporation Documents by the Corporation and compliance by the Corporation with the provisions thereof, under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the Corporation a breach of or default under any agreement or other instrument applicable to or binding upon the Corporation, or any existing law, regulation, court order, or consent decree to which the Corporation is subject, in each case which breach or default has or would have a material adverse effect upon the ability of the Corporation to perform its obligations under the Corporation Documents;

(7) a certificate of the District, dated the Closing Date, signed by an official of the District as may be acceptable to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the District is a public utility district that is duly organized and validly existing pursuant to the laws of the State of California;

(ii) the District Agreements have been validly authorized and duly executed and delivered by an authorized officer of the District designated for such purpose in the applicable Resolution, and constitute the valid and binding limited obligations of the District enforceable in accordance with their respective terms; provided, however, that the representation as to enforceability may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights and may be subject to general principles of equity;

(iii) the representations and agreements of the District contained in the District Agreements, as the case may be, are true and correct in all material respects as of the Closing Date;

(iv) the District has complied with all agreements, covenants and conditions to be complied with by the District on or prior to the Closing Date under the District Agreements;

(v) the information contained in the Official Statement (except as to DTC and its book-entry only system) is true and correct and does not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(vi) insofar as it will have a material adverse effect on the ability of the District to enter into, carry out or perform its obligations under the District Agreements or to consummate the transactions contemplated thereby, the District is not in material breach of or default under any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, and, to the best of such authorized representative's knowledge, no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instrument; and

(vii) the District has obtained insurance as required by the Installment Sale Agreement, such policies are in full force and effect and have not been revoked or rescinded and, in compliance with the Installment Sale Agreement;

(8) a certificate of the Corporation, dated the Closing Date, signed by an authorized representative of the Corporation as may be acceptable to the Underwriter, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) the Corporation Documents have each been validly authorized and duly executed and delivered by the officers of the Corporation designated for such purpose in the Resolution of the Board of Directors of the Corporation and each constitutes the valid and binding limited obligations of the Corporation enforceable in accordance with their respective terms; provided, however, that the representation as to enforceability may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights and may be subject to general principles of equity;

(ii) the representations and agreements of the Corporation contained in the Corporation Documents, as the case may be, are true and correct in all material respects as of the Closing Date;

(iii) the Corporation has complied with all agreements, covenants and conditions to be complied with by the Corporation on or prior to the Closing Date under the Corporation Documents; and

(iv) the information contained in the Official Statement as to the Corporation is true and correct and does not contain any untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect;

(9) a certificate of the Trustee, dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Underwriter, to the effect that:

(i) to the knowledge of the Trustee, the representations and agreements of the Trustee in the Trust Agreement are true and correct in all material respects as of the Closing Date;

(ii) to the knowledge of the Trustee, no litigation is pending or threatened against the Trustee (either in state or federal courts): (A) seeking to restrain or enjoin the execution or delivery by the Trustee of any of the Certificates; or (B) in any way contesting or affecting any authority of the Trustee for the execution or delivery of the Certificates or the validity or enforceability of the Certificates or the Trust Agreement;

(iii) the Trustee has duly executed and delivered the Certificates to or upon the order of the Underwriter; and

(iv) assuming the corporate power and legal authority of, and the due authorization, execution and delivery by the Corporation and the District of the Trust Agreement, the Trust Agreement constitutes the valid and binding agreement of the Trustee, enforceable against the Trustee in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium, reorganization or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(10) certified copies of resolutions of the Trustee, the District and the Corporation, as the case may be, authorizing, as applicable, the execution, sale and delivery of the Certificates and the Installment Sale Agreement, the Trust Agreement, the Continuing Disclosure Undertaking and this Purchase Agreement, the distribution of the Preliminary Official Statement, and the distribution of the Official Statement;

(11) a tax certificate or agreement of the District in form and substance satisfactory to Special Counsel;

(12) evidence that the federal tax information form 8038-G has been prepared by Special Counsel for filing in connection with the Certificates;

(13) a copy of the filings made for the Certificates and the Installment Sale Agreement with the California Debt and Investment Advisory Commission in accordance with Sections 8855 and 53583, as applicable, of the California Government Code;

(14) a certificate of Bartle Wells Associates, Berkeley, California, municipal advisor to the District (the "**Municipal Advisor**"), dated the Closing Date and addressed to the District and the Underwriter, to the effect that while the Municipal Advisor has not independently verified or undertaken an independent investigation of the information in the Preliminary Official Statement and the Official Statement, based on its participation in the preparation and review of the Preliminary Official Statement and Official Statement, no information has come to its attention which would lead it to believe that the information contained in the Preliminary Official Statement, as of its date and as of the date of this Purchase Agreement and the Official Statement, as of its date and the Closing Date, is not true or correct in all material respects, or that the Preliminary Official Statement,

as of its date and as of the date of this Purchase Agreement and the Official Statement, as of its date and the Closing Date contains any untrue statement of a material fact or omits to state a material fact where necessary to make a statement not misleading in light of the circumstances under which it was made (except that no opinion or belief need be expressed as to any financial statements or other financial, statistical or engineering data or forecasts, numbers, charts, estimates, projections, assumptions, or expressions of opinion, any information about valuation, appraisals, absorption, archeological or environmental matters, or any information with respect to DTC and its book-entry-only system).

(15) evidence satisfactory to the Underwriter that the Certificates shall have received the ratings as set forth in the Official Statement and that any such ratings have not been revoked or downgraded;

(16) the opinion of Kutak Rock LLP, Irvine, California, counsel to the Underwriter ("**Underwriter's Counsel**"), dated the Closing Date, addressed to the Underwriter, in form and substance satisfactory to the Underwriter;

(17) a parity debt certificate of the District and associated verification certificate of a certified public account;

(18) an executed Blanket Issuer Letter of Representations between the District and DTC; and

(19) such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request.

(f) Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Certificates shall not have been delivered by the District to the Underwriter prior to the close of business, California time, on the Closing Date, then the obligation to purchase Certificates hereunder shall terminate and be of no further force or effect.

If the District shall be unable to satisfy the conditions to the Underwriter's obligations contained in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement may be cancelled by the Underwriter at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given, to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter in writing at its sole discretion.

Section 8. Changes in Official Statement.

After the Closing Date: (a) neither the Corporation nor the District will adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing; and (b) if any event relating to or affecting the Trustee, District or the Corporation shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement to make the Official Statement not misleading in light of the circumstances existing at the time such is delivered to a purchaser, the Corporation and the District shall cause to be forthwith prepared and furnished to the Underwriter (at the expense of the District for

twenty-five (25) days from the Closing Date and otherwise at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in light of the circumstances existing at the time it is delivered to a purchaser, not misleading.

Section 9. Expenses.

(a) All expenses and costs of the Corporation or the District incident to the performance of their obligations in connection with the authorization, execution, sale and delivery of the Certificates to the Underwriter, including: (i) the cost of preparation, printing, execution and delivery of the Certificates; (ii) the acceptance fees of the Trustee and any fees and expenses of Trustee's counsel; (iii) any fees charged by any rating agency in connection with obtaining a rating for the Certificates, including interstate travel, expenses and fees; (iv) the cost of preparation, distribution and delivery of the Preliminary Official Statement and the final Official Statement; (v) the fees and expenses of Special Counsel and Disclosure Counsel; (vi) the fees and expenses of Municipal Advisor to the District; (vii) any premium or fees charged by a credit provider for the credit enhancement of the Certificates; and (viii) expenses for travel, lodging, and subsistence related to rating agency visits and other meetings connected to the authorization, sale, issuance and distribution of the Certificates, shall be paid by the District, as set forth in the Trust Agreement.

(b) The District has agreed to pay the Underwriter's discount set forth in Section 2 of this Purchase Agreement, and inclusive in the expense component of the Underwriter's discount are expenses incurred or paid for by the Underwriter on behalf of the District in connection with the marketing, execution, and delivery of the Certificates, including, but not limited to, advertising expenses, fees and expenses of Underwriter's Counsel, the costs of any Preliminary and Final Blue Sky Memoranda, CUSIP fees, the California Debt and Investment Advisory Commission fee, and transportation, lodging, and meals for the District's employees and representatives.

If this Purchase Agreement shall be terminated by the Underwriter because of any failure or refusal on the part of the District to comply with the terms or to fulfill any of the conditions of this Purchase Agreement, or if for any reason the District shall be unable to perform its obligations under this Purchase Agreement, the District will reimburse the Underwriter for all out-of-pocket expenses (including the fees and disbursements of Underwriter's Counsel) reasonably incurred by the Underwriter in connection with this Purchase Agreement or the offering contemplated hereunder.

Section 10. Notices.

Any notices to be given the Underwriter shall be given in writing to Oppenheimer & Co. Inc., 135 Main Street, Suite 1700, San Francisco, CA 94105, Attention: Municipal Capital Markets Group. Any notices to be given to the District shall be given in writing to 1275 Meadow Crest Drive, South Lake Tahoe, California 96150.

Section 11. No Assignment.

This Purchase Agreement has been executed by the District and the Underwriter, and shall inure to the benefit of the District and the Underwriter and their respective successors or assigns and no persons other than the foregoing shall acquire or have any right under or by virtue of this Purchase

Agreement. All of the representations, warranties and agreements contained in this Purchase Agreement shall survive the delivery of and payment for the Certificates and any termination hereof.

Section 12. Applicable Law.

This Purchase Agreement shall be interpreted, governed and executed in accordance with the laws of the State of California applicable to contracts made and performed in such state.

Section 13. Effectiveness.

This Purchase Agreement shall become effective upon the execution hereof by the Underwriter and the District and shall be valid and enforceable from and after the time of such execution.

Section 14. Severability.

In the event any provision of this Purchase Agreement shall be declared invalid or unenforceable by any court of competent jurisdiction, such shall not invalidate or render unenforceable any other provision hereof.

Section 15. Execution in Counterparts; Electronic Signatures and Electronic Records.

This Purchase Agreement may be executed and entered into in several counterparts, including counterparts that are manually executed and counterparts that are executed with an electronic signature, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. The person associated with any such signature shall be deemed to have had the intent to sign this Purchase Agreement with an electronic signature and agrees that execution of this Purchase Agreement by electronic signature is attributable to such person. All parties executing this Purchase Agreement expressly agree under the California Uniform Electronic Transactions Act ("**UETA**") (California Civil Code §1633.1 et seq.), that this Purchase Agreement and all other agreements, certificates, opinions and similar records ("documents") relating to the Certificates constitute a "transaction" under the UETA and expressly agree to allow all aspects of the transaction to which the UETA can apply to be conducted by electronic means. For these purposes, a signature by fax, e-mail, or other electronic technology on a document relating to the Certificates shall constitute an "electronic signature" to an "electronic record" under the UETA with respect to this specific transaction.

An electronic signature means a signature that is executed by symbol attached to or logically associated with a record and includes facsimile signatures or signatures transmitted by electronic mail in so-called PDF format. All parties to this Purchase Agreement: (a) agree that an electronic signature, whether digital or encrypted, of a party to this Purchase Agreement or any other electronic record associated with the Certificates is intended to authenticate this writing and to have the same force and effect as a manual signature; (b) intended to be bound by the signatures (whether original, faxed, or electronic) on any document relating to the Certificates sent or delivered by facsimile or electronic mail or other electronic means; (c) are aware that the other party(ies) will rely on such signatures; and, (d) hereby waive any defenses to the enforcement of the terms of this Purchase Agreement or any other document related to the Certificates based on the foregoing forms of signature.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, each of the undersigned has executed this Purchase Agreement by its duly authorized officer, effective as of the day and year first above written.

OPPENHEIMER & CO. INC., as Underwriter

By_____
Authorized Officer

Accepted as of the date hereof:

SOUTH TAHOE PUBLIC UTILITY DISTRICT

By_____
Authorized Officer

Time of Execution: _____ California time

APPENDIX A

MATURITY SCHEDULE

$_____
SOUTH TAHOE PUBLIC UTILITY DISTRICT
2027 WATER REVENUE CERTIFICATES OF PARTICIPATION

Maturity (February 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The-Offering-Price Rule
2027							
2028							
2029							
2030							
2031							
2032							
2033							
2034							
2035							
2036							
2037							
2038							
2039							
2040							
2041							
2042							
2043							
2044							
2045							
2046							
20__ (T)							
20__ (T)							

_____

(C) Yield to the first optional prepayment date of February 1, 20__ at [par].

(T) Term Certificate.

* At the time of execution of this Certificate Purchase Agreement and assuming orders are confirmed by the close of the business day immediately following the date of this Certificate Purchase Agreement.

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

$_____
SOUTH TAHOE PUBLIC UTILITY DISTRICT
2027 WATER REVENUE CERTIFICATES OF PARTICIPATION

The undersigned, Oppenheimer & Co. Inc. ("Oppenheimer") based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Certificates").

A. Issue Price.

1. ***Sale of the General Rule Maturities***. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public as of the date of execution of the Certificate Purchase Agreement, is the respective price listed in Schedule A.

2. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

(a) Oppenheimer 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 Certificates is attached to this certificate as Schedule B.

(b) As set forth in the Certificate Purchase Agreement, dated [CPA Date], by and between Oppenheimer and the South Tahoe Public Utility District, Oppenheimer has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Certififcates 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 retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.

3. ***Defined Terms.***

(a) *General Rule Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the "General Rule Maturities."

(b) *Hold-the-Offering-Price Maturities* means those Maturities of the Certificates listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities*."*

(c) *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 Oppenheimer 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.

(d) *Issuer* means the South Tahoe Public Utility District.

(e) *Maturity* means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to the Underwriter.

(g) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Certificates. The Sale Date of the Certificates is [CPA Date].

(h) *Underwriter* means: (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public; and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the Public).

(i) *Related Party* means any entity if the Underwriter and such entity are subject, directly or indirectly, to: (i) more than 50 percent 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 percent common ownership of their capital interests or profit interests, if both entities are partnerships (including direct ownership by one partnership of another); or (iii) more than 50 percent 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).

We understand that the representations contained herein may be relied upon by the Issuer in making certain of the representations contained in the Tax Certificate, and we further understand that Jones Hall LLP, as special counsel, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of interest on the Certificates pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws; in particular the regulations under the Code, or the application of any laws to these facts. The certifications contained herein are not necessarily based on personal knowledge, but may instead be based on either inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party or for any other purpose.

The undersigned is authorized to execute this certificate on behalf of the Underwriter, which certifications are not necessarily based on personal knowledge, but may instead be based on either

inquiry deemed adequate by the undersigned or institutional knowledge (or both) regarding the matters set forth herein.

Dated: [Closing Date]

OPPENHEIMER & CO. INC., as Underwriter

By: _____
Authorized Officer

SCHEDULE A
SALES PRICES AND HOLD-THE-OFFERING-PRICE MATURITIES

[TO BE ATTACHED]

SCHEDULE B

PRICING WIRE OR EQUIVALENT COMMUNICATION

South Tahoe Public Utility District



2027 Water Revenue Certificates of Participation

Summary of Financing & Resolution

December 3, 2026

Presentation Outline

Financing Overview

- Financing Team
- Projects to be Financed
- Debt Financing Overview
- Financing Schedule



Financing Team

- **Oppenheimer & Co. Inc.** *Underwriter*
  - **Jeff Land**, Executive Director, Public Finance
  - **Sophia Kenny**, Associate, Public Finance
  - **Vien Le**, Managing Director, Public Finance
  - **Albert Reyes** (Kutak Rock), Underwriter's Counsel
- **Jones Hall** *Bond Counsel & Disclosure Counsel*
  - **Scott Ferguson**, Partner
  - **Brian Haroldson**, Partner
- **Bartle Wells Associates** *Municipal Advisor*
  - **Alex Handlers**, Principal
- **Other Financing Team Members**
  - **CSDA Finance Corporation,** *Counterparty*
  - **U.S. Bank Trust Company,** *Trustee*

Roles & Responsibilities

- **Bond Counsel & Disclosure Counsel: Jones Hall**
  - Drafts resolution, legal documents & official statement
  - Provides legal opinions that a) debt meets requirements tax-exempt debt issuance, and b) debt is issued in compliance with legal requirements

- **Underwriter: Oppenheimer**
  - Markets debt to investors & establishes prices & interest rates via public sale process
  - Provides funding to District

- **Municipal Advisor: Bartle Wells Associates**
  - Coordinates financing process, provides advice regarding debt issuance to help ensure debt is issued on favorable terms and conditions
  - Has a fiduciary responsibility to represent District's interests throughout the process

- **CSDA Finance Corporation**
  - Counterparty to Installment Sale Agreement needed to legally facilitate the issuance of Certificates of Participation

- **Trustee: U.S. Bank Trust Company**
  - Represents COPholders; receives debt payments from the District and forwards payments to investors
  - Holds project funds and disburses funds to the District as requested

Projects to be Financed

- Based on near-term funding needs from District's Water CIPs
- As part of District's financial planning process, a number of capital improvement projects were identified for financing via the 2027 COPs
- <u>Water: $15 million</u>
  - Sunset Well Reconstruction $4.9M
  - Tanglewood Well Project (New Supply) $5M
  - Flagpole Zone Improvements $1.2M
  - Trouble Spots Waterline Rehabs $1.6M
  - Miscellaneous Waterlines $2.3M
- District plans to fund other capital improvements with a combination of grants, SRF Loans, and cash funding from annual revenues

Debt Financing Overview

- Water COPs will be sized to provide $15 million for capital projects
- Tax-exempt fixed interest rates (rates will be locked in)
- 30-year repayment term
- Debt can be refinanced on a tax-exempt basis after approx. 10 years (tbd) *with no prepayment premium*
- District can use project funds for any eligible water capital improvements & has flexibility to change which projects get funded from debt

Anticipated Financing Schedule

Dec 3	District Board Meeting: Consider adoption of resolutions authorizing issuance of Water COPs and approving form of legal documents
Mid Dec	CSDA Finance Corp Board Meeting to adopt required Resolutions
Mid Dec	Rating agency online meeting with S&P Global Ratings
Late Dec	Obtain bond rating
Jan 6	Finalize and post Preliminary Official Statements & begin bond marketing period
Jan 13	Public sale & pricing of COPs, finalize interest rates, sign Certificate Purchase Agreements to lock in the financings
Feb 4	Finalize & sign legal documents; Closing and receipt of funds



Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

South Tahoe Public Utility District

1275 Meadow Crest Drive • South Lake Tahoe • CA 96150-7401
Phone 530 544-6474 • Fax 530 541-0614 • www.stpud.us

BOARD AGENDA ITEM 7b

TO: Board of Directors

FROM: Melonie Guttry, Executive Services Manager/Board Clerk

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: Election of Board Officers

REQUESTED BOARD ACTION: Elect a Board President for 2027 Calendar Year.

DISCUSSION: This election is held in accordance with Board Policy 2050-1.

SCHEDULE: N/A

COSTS: N/A

ACCOUNT NO: N/A

BUDGETED AMOUNT AVAILABLE: N/A

ATTACHMENTS: N/A

CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** General

GENERAL MANAGER: **YES** PDF. **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____

Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

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BOARD AGENDA ITEM 7c

TO: Board of Directors

FROM: Melonie Guttry, Executive Services Manager/Board Clerk

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: Election of Board Officers

REQUESTED BOARD ACTION: Elect a Board Vice President for 2027 Calendar Year.

DISCUSSION: This election is held in accordance with Board Policy 2050-1.

SCHEDULE: N/A

COSTS: N/A

ACCOUNT NO: N/A

BUDGETED AMOUNT AVAILABLE: N/A

ATTACHMENTS: N/A

CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** General

GENERAL MANAGER: **YES** PSP. **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____

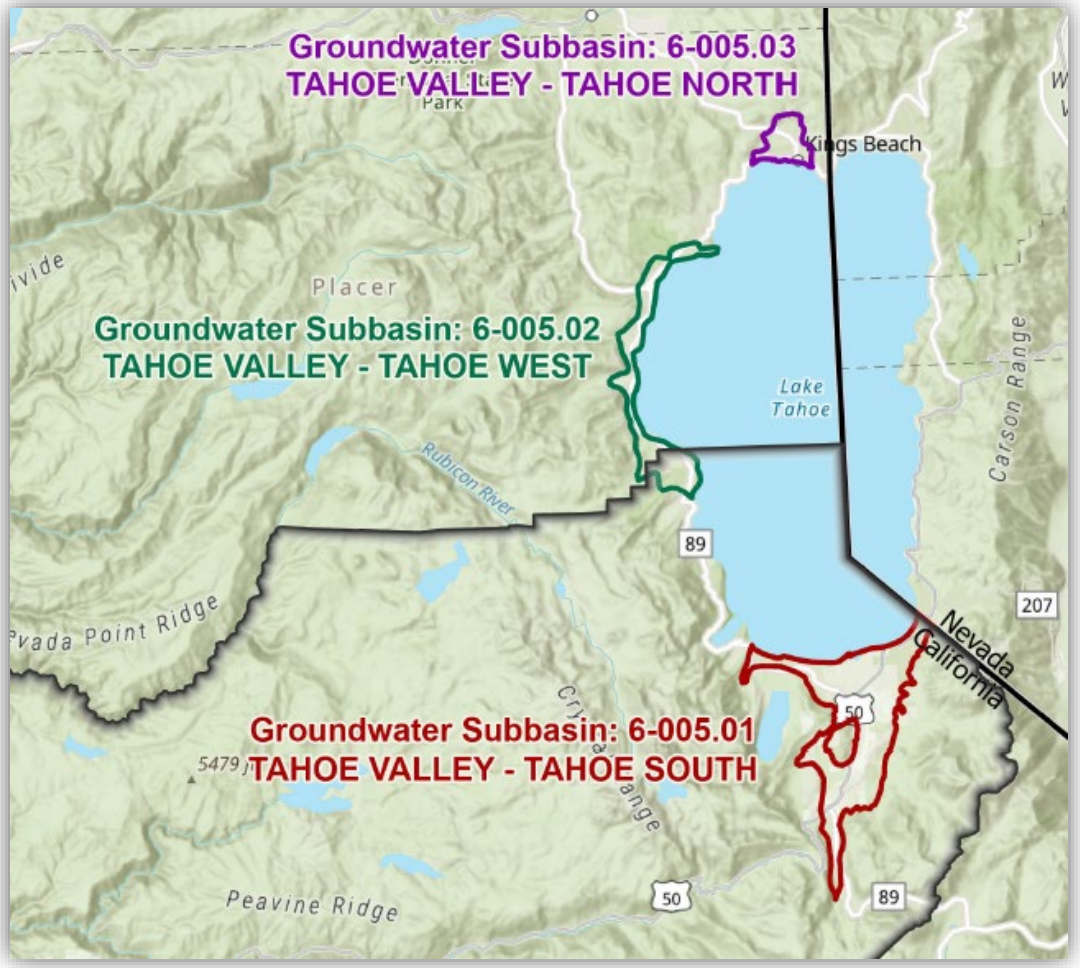
Periodic Evaluation

Tahoe Valley - Tahoe South Subbasin Alternative Plan

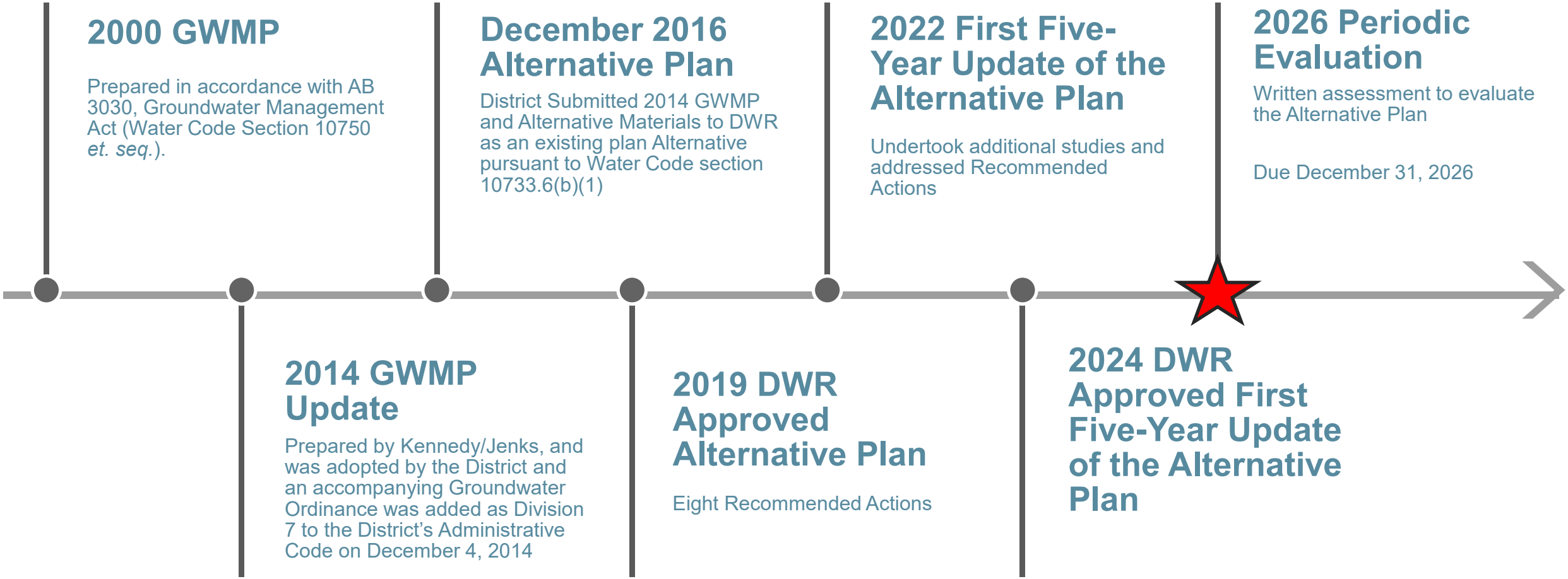
December 3, 2026

TVS Subbasin SGMA Context

- Medium-priority basin
- Two GSAs
  - STPUD
  - EDWA
- GSP / Alternative Plan

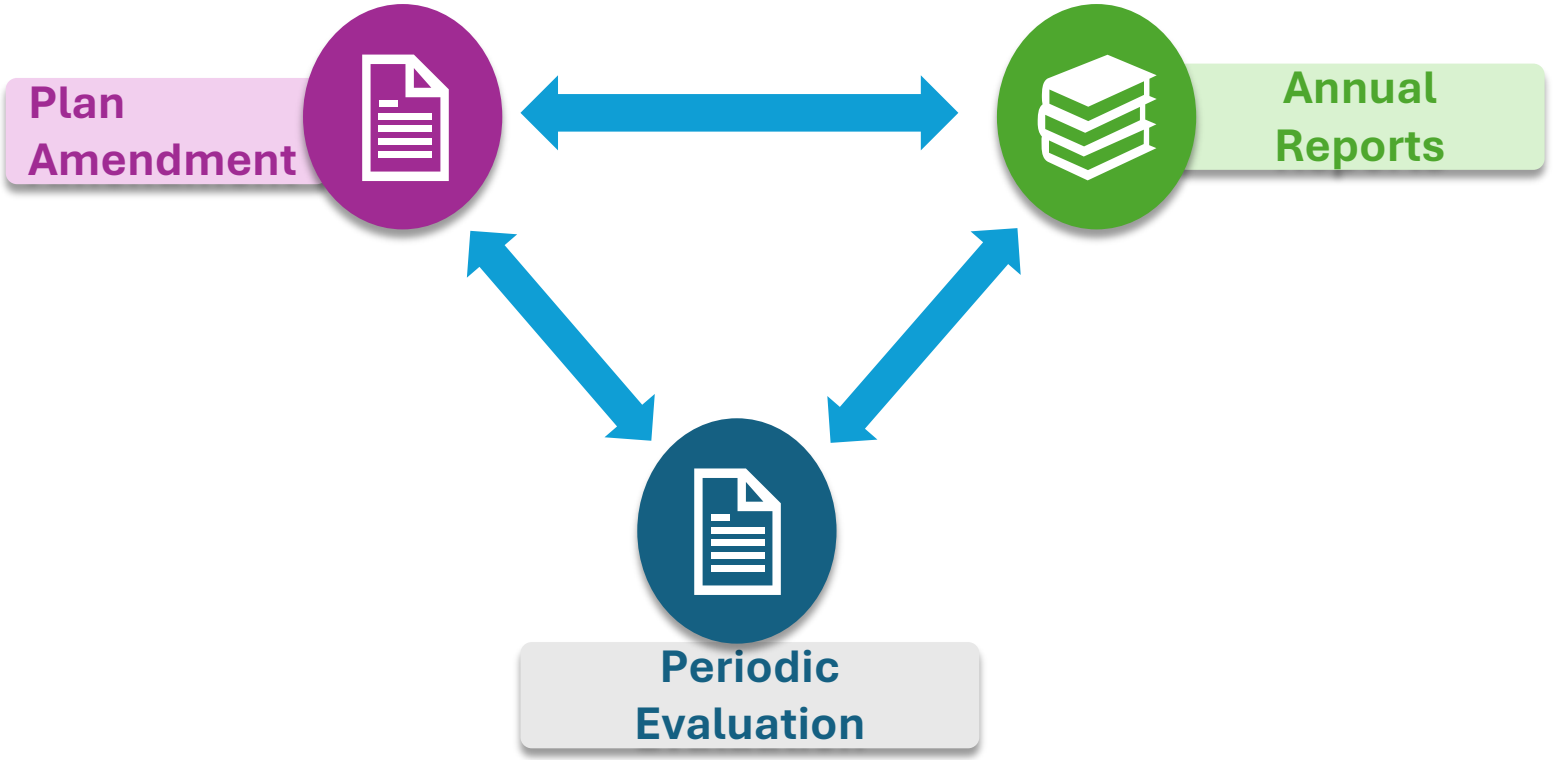


TVS Subbasin Alternative Plan Development



SGMA Reporting Requirements

Adaptive Management



Progress Tracking

Implementation Evaluation

Periodic Evaluation Requirements

Periodic Evaluations occur

- Every 5 years
- Or accompanying Plan Amendment

Responsive GSP Regulations § 356.4

Each Agency shall evaluate its Plan at least every five years and whenever the Plan is amended, and provide a written assessment to the Department. The assessment shall describe whether the Plan implementation, including implementation of projects and management actions, are meeting the sustainability goal in the basin, and shall include the following:

(a) A description of current groundwater conditions for each applicable sustainability indicator relative to measurable objectives, interim milestones and minimum thresholds.

(b) A description of the implementation of any projects or management actions, and the effect on groundwater conditions resulting from those projects or management actions.

(c) Elements of the Plan, including the basin setting, management areas, or the identification of undesirable results and the setting of minimum thresholds and measurable objectives, shall be reconsidered and revisions proposed, if necessary.

(d) An evaluation of the basin setting in light of significant new information or changes in water use, and an explanation of any significant changes. If the Agency's evaluation shows that the basin is experiencing overdraft conditions, the Agency shall include an assessment of measures to mitigate that overdraft.

(e) A description of the monitoring network within the basin, including whether data gaps exist, or any areas within the basin are represented by data that does not satisfy the requirements of Sections 352.4 and 354.34(c). The description shall include the following:

(1) An assessment of monitoring network function with an analysis of data collected to date, identification of data gaps, and the actions necessary to improve the monitoring network, consistent with the requirements of Section 354.38.

(2) If the Agency identifies data gaps, the Plan shall describe a program for the acquisition of additional data sources, including an estimate of the timing of that acquisition, and for incorporation of newly obtained information into the Plan.

(3) The Plan shall prioritize the installation of new data collection facilities and analysis of new data based on the needs of the basin.

(f) A description of significant new information that has been made available since Plan adoption or amendment, or the last five-year assessment. The description shall also include whether new information warrants changes to any aspect of the Plan, including the evaluation of the basin setting, measurable objectives, minimum thresholds, or the criteria defining undesirable results.

(g) A description of relevant actions taken by the Agency, including a summary of regulations or ordinances related to the Plan.

(h) Information describing any enforcement or legal actions taken by the Agency in furtherance of the sustainability goal for the basin.

(i) A description of completed or proposed Plan amendments.

(j) Where appropriate, a summary of coordination that occurred between multiple Agencies in a single basin, Agencies in hydrologically connected basins, and land use agencies.

(k) Other information the Agency deems appropriate, along with any information required by the Department to conduct a periodic review as required by Water Code Section 10733.

Trying to answer

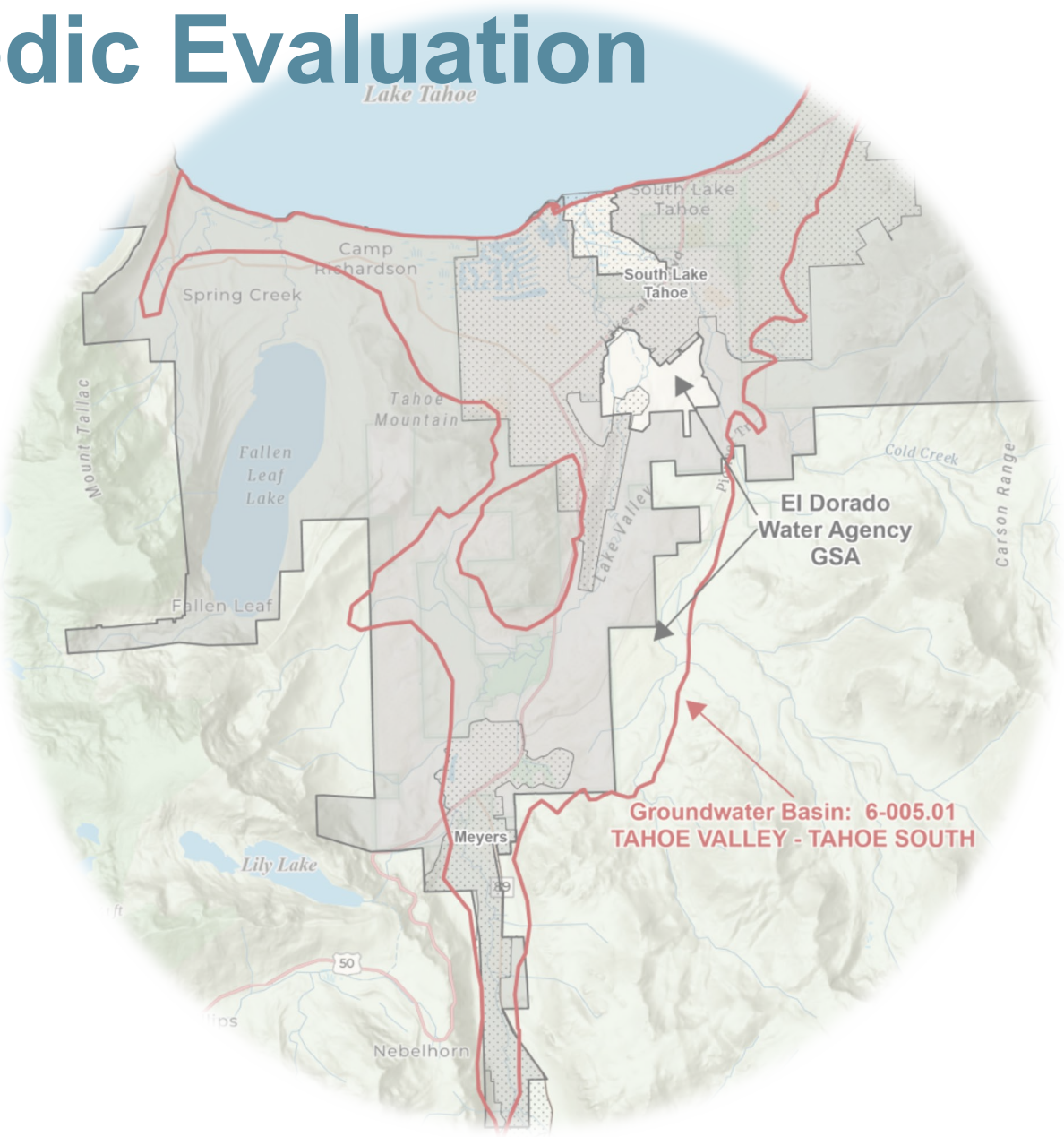
- New information?
- TVS Subbasin status in relation to SGMA
- Is the Alternative Plan working?

2026 TVS Subbasin Periodic Evaluation

Overview

- WY 2021 - WY 2025

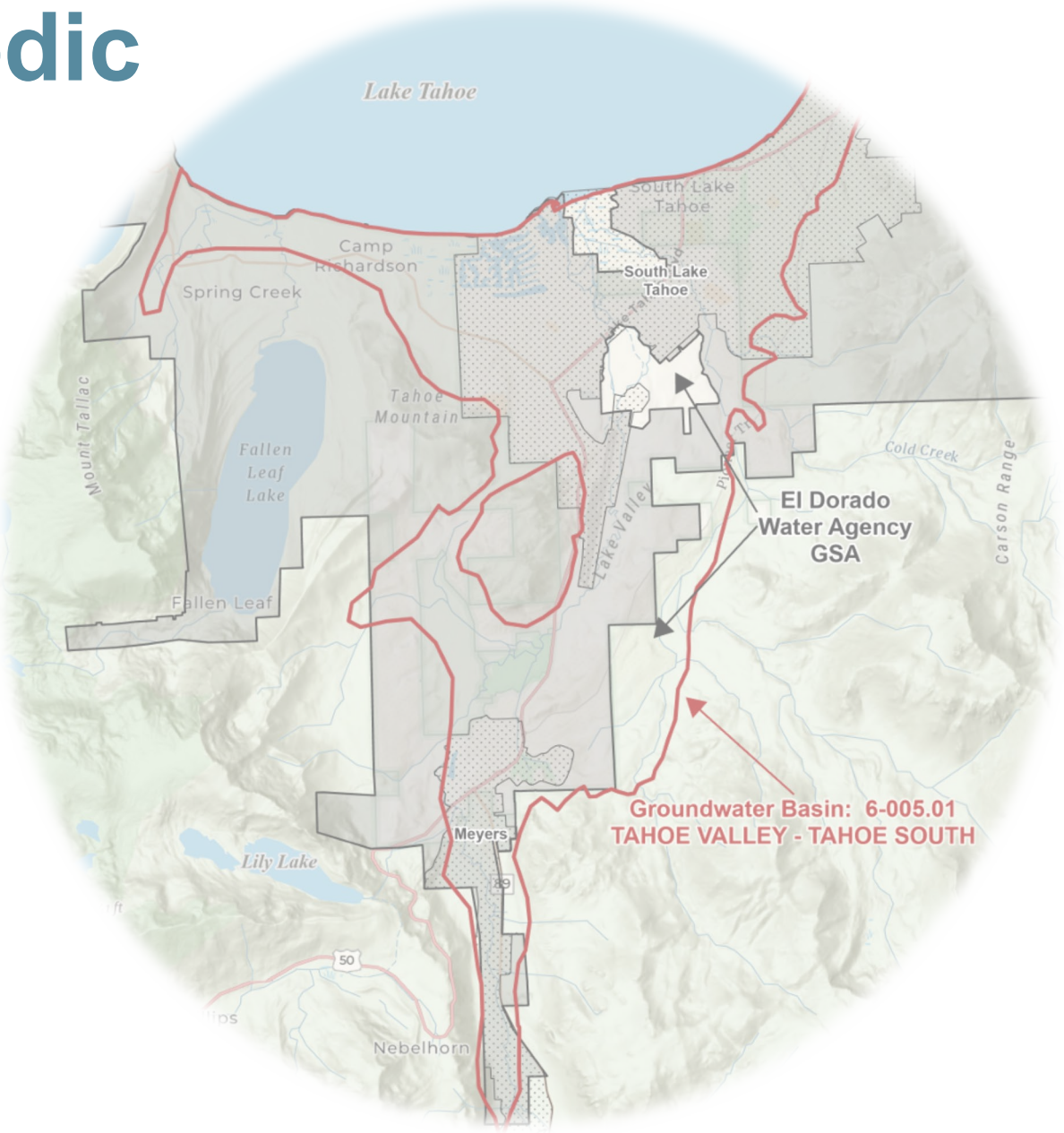
- New information collected during this evaluation period include:
  - Ongoing South Y PCE Plume investigations
  - PFAS investigations
  - Installation of new wells
  - Monitoring data
    - Groundwater levels
    - Groundwater quality
    - Stream gage
    - Water use



2026 TVS Subbasin Periodic

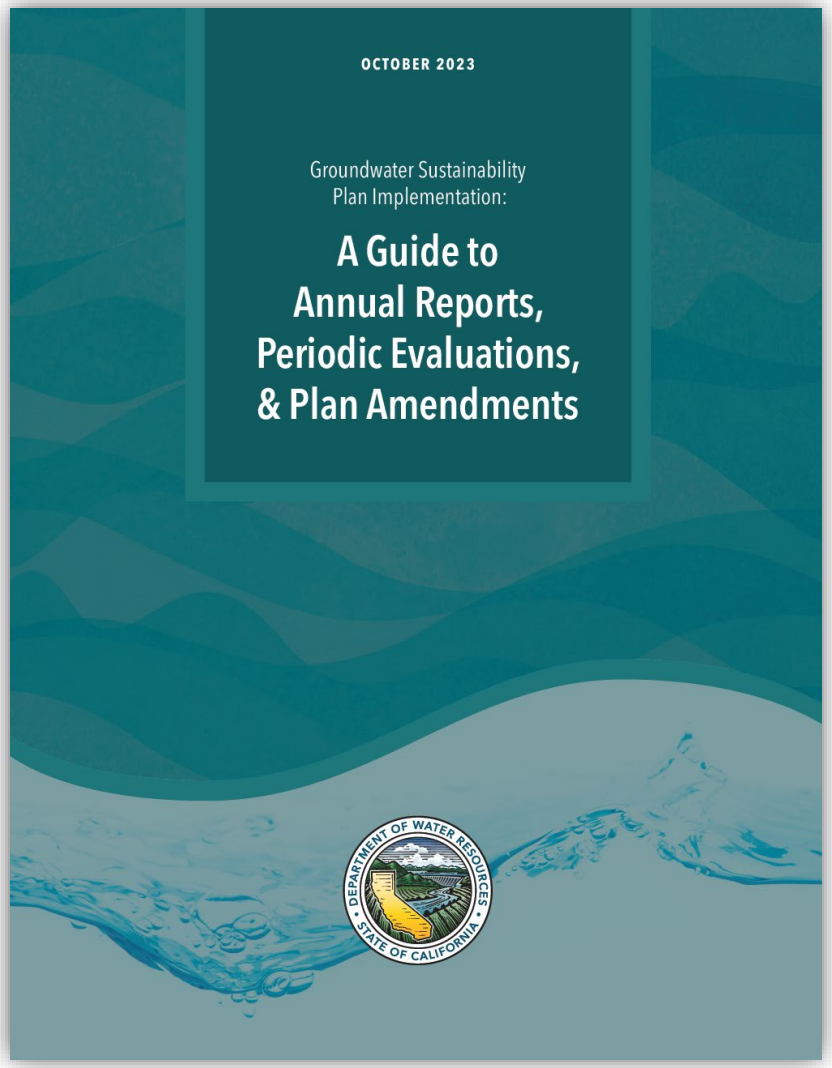
Major Findings

- Monitoring networks sufficiently cover the TVS Subbasin
- Groundwater conditions over the evaluation period are generally stable
- New information evaluated has not significantly changed the understanding of the TVS Subbasin
- Plan Amendment is not recommended



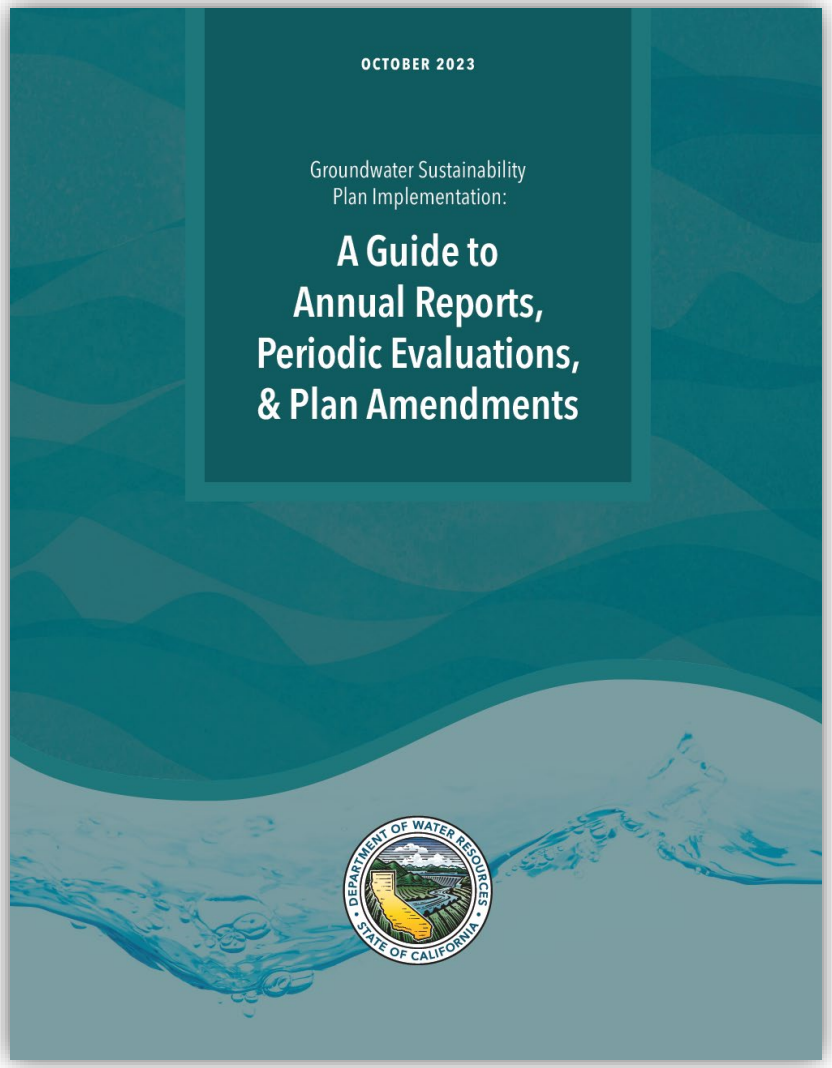
Periodic Evaluation Outline

1. New Information Collected
2. Groundwater Conditions Relative to Sustainable Management Criteria
3. Status of Projects and Management Actions
4. Basin Setting Based on New Information or Changes In Water Use
5. Monitoring Networks
6. GSA Authorities and Enforcement Actions
7. Outreach, Engagement, and Coordination with Other Agencies
8. Other Information

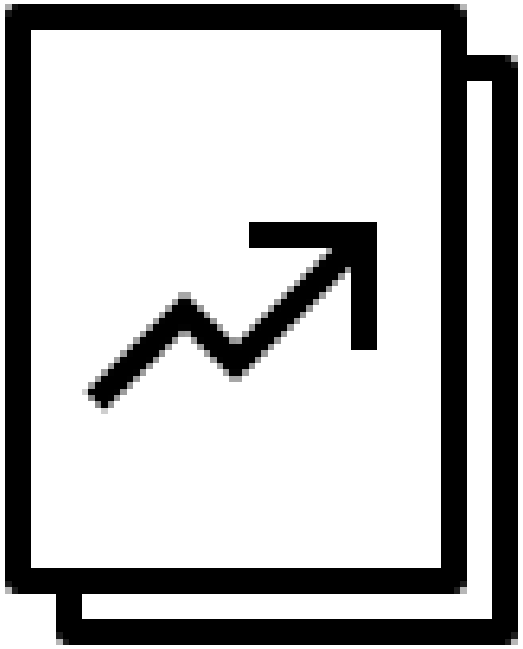


Periodic Evaluation Outline

1. New Information Collected
2. Groundwater Conditions Relative to Sustainable Management Criteria
3. Status of Projects and Management Actions
4. Basin Setting Based on New Information or Changes In Water Use
5. Monitoring Networks
6. GSA Authorities and Enforcement Actions
7. Outreach, Engagement, and Coordination with Other Agencies
8. Other Information



New Information – WY 2021-2025 Monitoring Data



Source Capacity

- Total source capacity has been stable at approximately 25 MGD

Groundwater Storage

- Cumulative groundwater storage has been increasing since 2005, with decreases following dry years and increases following wet years

USGS Stream Gage Data

- Increasing seasonal flows over the last five years

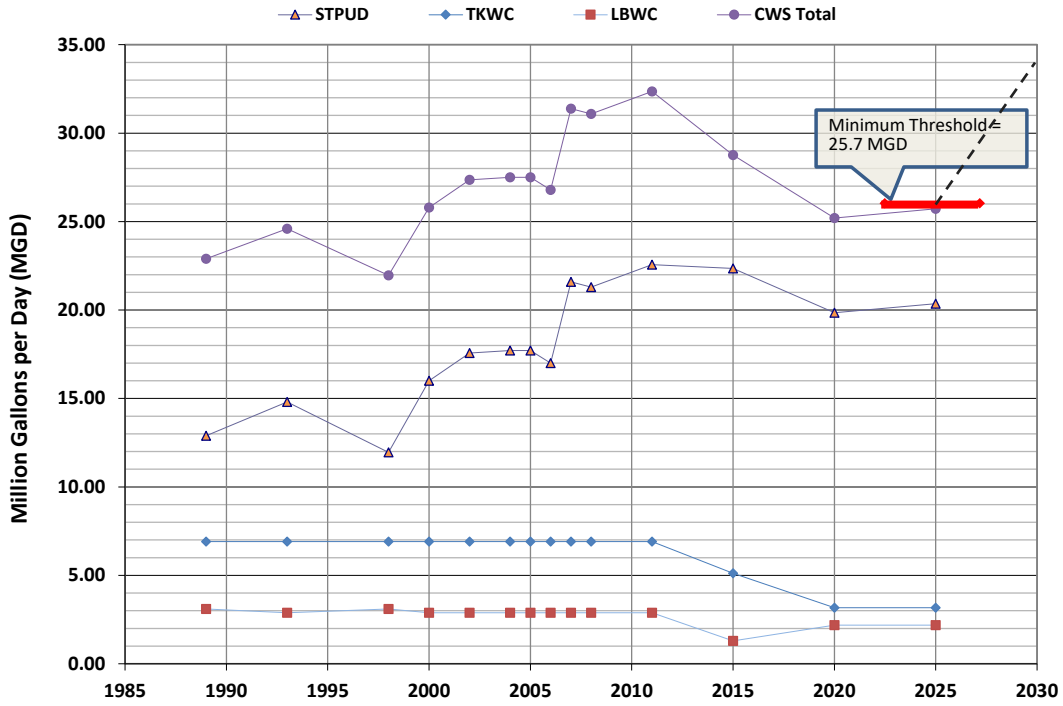
Water Quality

- The South Y PCE Plume continues to be an operational challenge but has not affected the sustainability of the TVS subbasin as quantified by SGMA

Water Use

- Decreasing over time, well under sustainable yield

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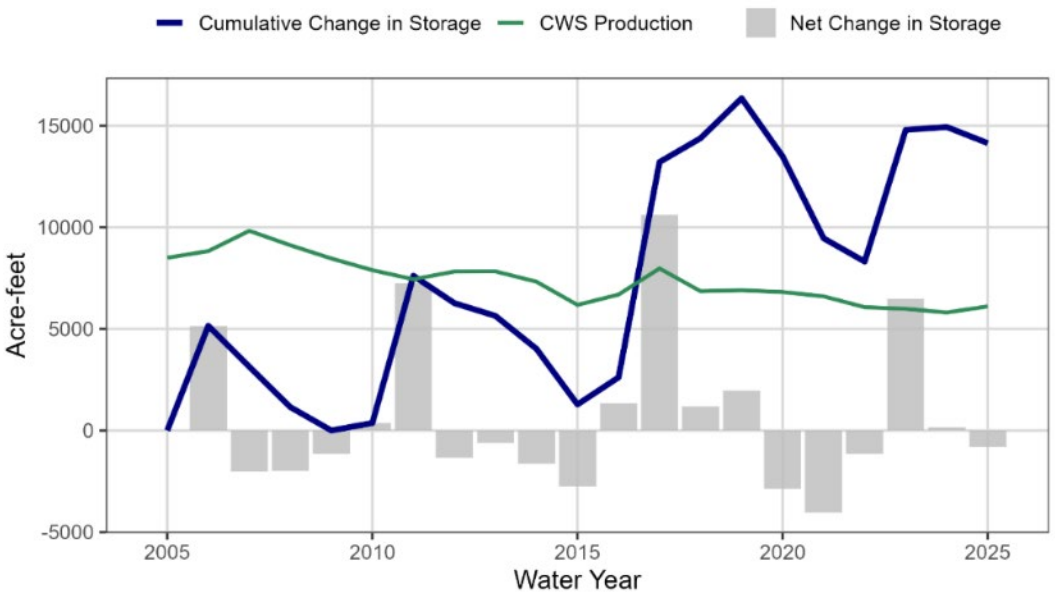
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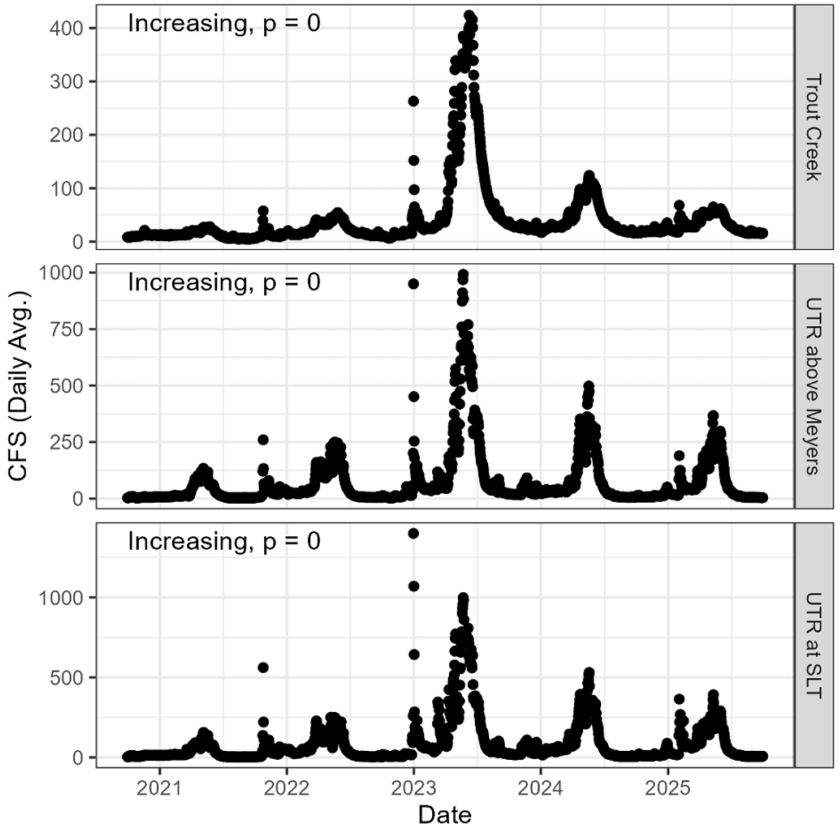
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New Information – WY 2021-2025 Monitoring Data

Seasonal averages at all USGS gages are stable within the historical range of variability



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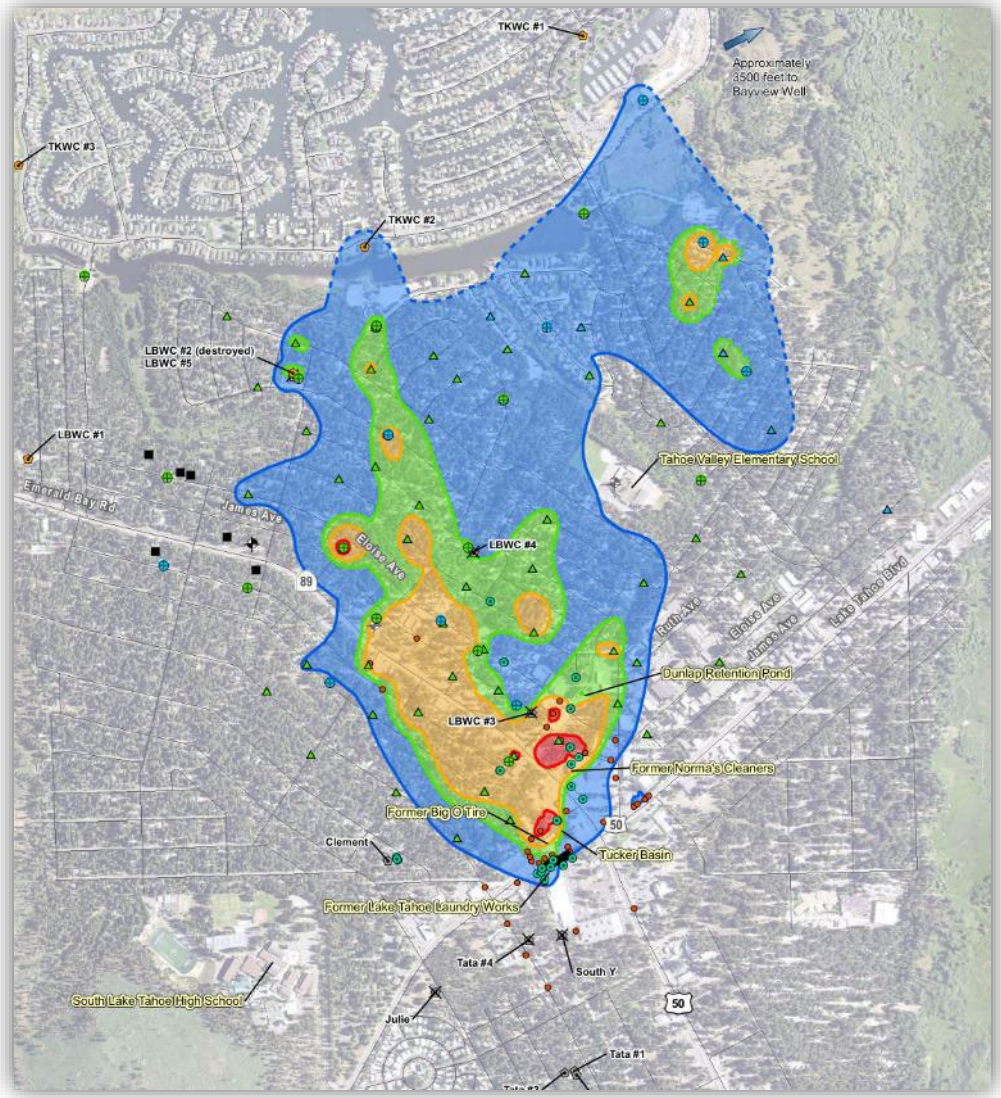
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New Information – WY 2021-2025 Monitoring Data



Source: AECOM 2023

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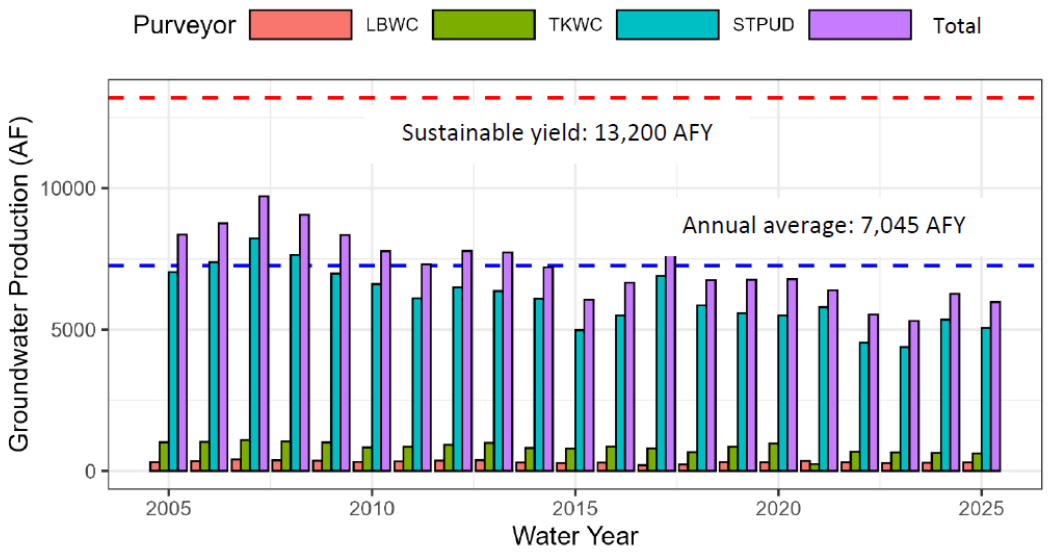
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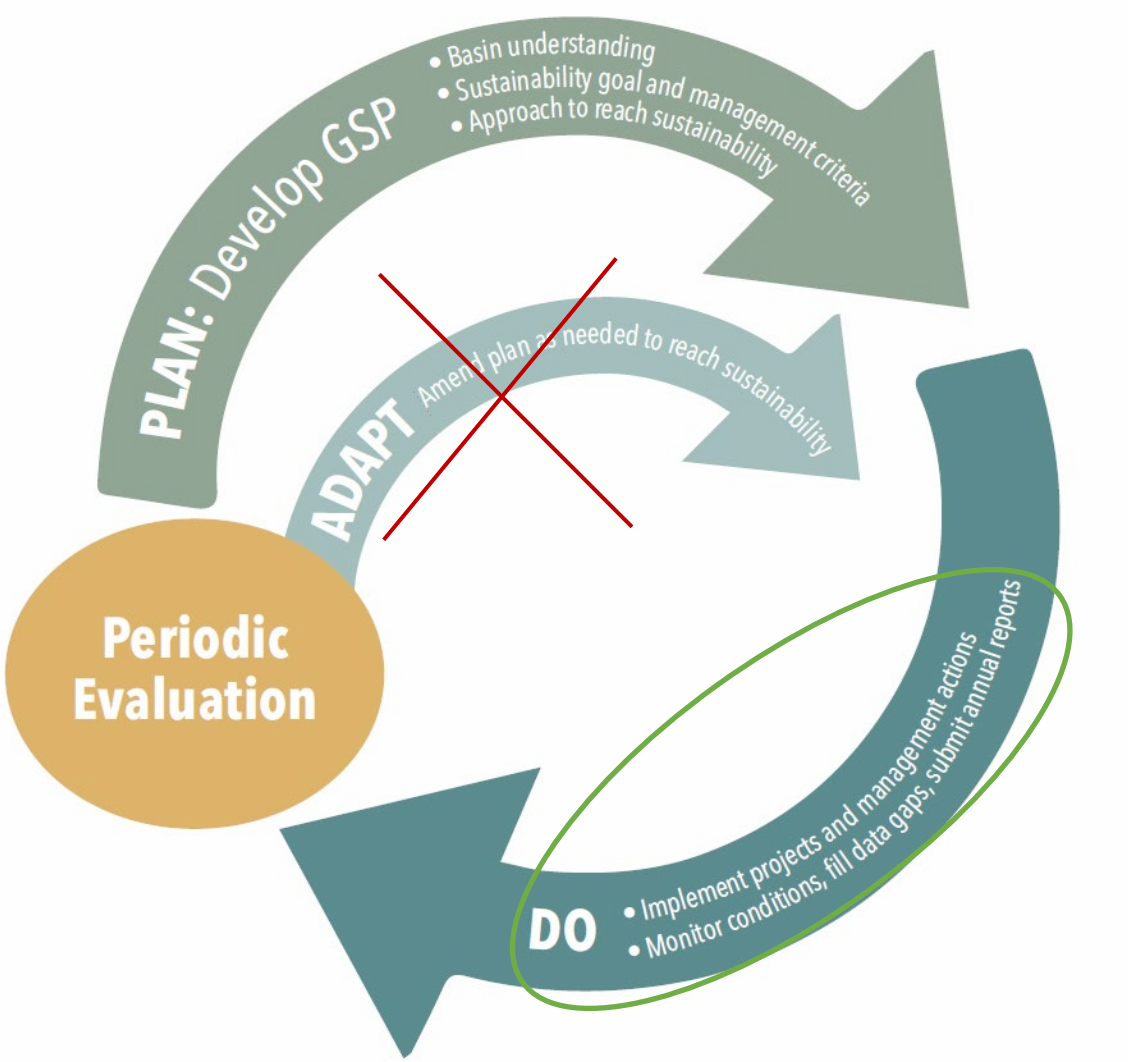
In summary…

New information gathered between WY2021-25 has not led to any significant changes the understanding of the TVS Subbasin.

Over the previous 5-years, all Sustainable Management Criteria are met.

A Plan Amendment is not recommended at this time.

TVS Subbasin - Looking Forward



Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

South Tahoe
Public Utility District

1275 Meadow Crest Drive • South Lake Tahoe • CA 96150-7401
Phone 530 544-6474 • Fax 530 541-0614 • www.stpud.us

BOARD AGENDA ITEM 13a

TO: Board of Directors

FROM: Shane Romsos, Board President

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: Conference with Legal Counsel – Existing Litigation

REQUESTED BOARD ACTION: Direct Staff

DISCUSSION: Pursuant to Section 54956.9(d)(1) of the California Government code, Closed Session may be held for conference with legal counsel regarding existing litigation: Yolo County Superior Court Case CV 2021-1686, Alpine County vs. South Tahoe Public Utility District; et al.

SCHEDULE: N/A

COSTS: N/A

ACCOUNT NO: N/A

BUDGETED AMOUNT AVAILABLE: N/A

IDENTIFIED CAPITAL IMPROVEMENT PROJECT (CIP): ☐ **Yes** ☐ **No** ☒ **N/A**

ATTACHMENTS: N/A

CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** General

GENERAL MANAGER: **YES** PAP **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____

Interim General Manager
Paul Peschel

Directors
Nick Haven
Shane Romsos
Joel Henderson
Kelly Sheehan
Nick Exline

South Tahoe Public Utility District

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BOARD AGENDA ITEM 13b

TO: Board of Directors

FROM: Paul Peschel, Interim General Manager

MEETING DATE: December 3, 2026

ITEM – PROJECT NAME: Conference with Legal Counsel – Potential Litigation

REQUESTED BOARD ACTION: Direct Staff

DISCUSSION: Pursuant to Section 54956.9(d)(2) of the California Government Code, Closed Session may be held for conference with legal counsel regarding potential litigation (one case).

SCHEDULE: N/A

COSTS: N/A

ACCOUNT NO: N/A

BUDGETED AMOUNT AVAILABLE: N/A

IDENTIFIED CAPITAL IMPROVEMENT PROJECT (CIP): ☐ **Yes** ☐ **No** ☒ **N/A**

ATTACHMENTS: N/A

CONCURRENCE WITH REQUESTED ACTION: **CATEGORY:** Water

GENERAL MANAGER: **YES** PDP **NO**_____

CHIEF FINANCIAL OFFICER: **YES** AS **NO**_____