

Draft - July 20, 2022

**CREDIT AGREEMENT NO. 00143687SLA**

**\$1,500,000 GRANT ANTICIPATION AND REVOLVING CREDIT  
PROMISSORY NOTE**

**BETWEEN COBANK, ACB  
AND  
BURNEY WATER DISTRICT**

**DATED AS OF JULY 27, 2022**

**CLOSING INDEX AND CHECKLIST**

<b>CoBank Index No.</b>	<b>DOCUMENT</b>	<b>TO BE EXECUTED BY</b>	<b>NUMBER OF ORIGINALS/ COPIES</b>	<b>DATE REC'D</b>
1)	Instruction Letter	President and District Manager of District and Authorized Signer of CoBank		
2)	Credit Agreement No. 00143687SLA	President and District Manager of District and Authorized Signer of CoBank		
3)	Grant Anticipation and Revolving Credit Promissory Note (Note 00143687S01)	President and District Manager of District and Authorized Signer of CoBank		
4)	General Closing and Incumbency Certificate (with attachments, as applicable)	President, Secretary and District Manager of District		
5)	Copy of Resolution Authorizing Issuance of Note and Related Documents	President and Secretary of District		
6)	IRS Form W-9	President or Secretary of District		
7)	Master Agreement for Cash Management and Transaction Services, including Exhibit C – Designation of Authorized User(s) Form, and Exhibit D – Recurring Wire Transfer Templates and Schedules	President and Secretary of District and Authorized Signer of CoBank		
8)	Notice Regarding Electronic Signatures	N/A	N/A	Delivered to District 07.10.2022
9)	Opinion of General Counsel	General Counsel to the District		

CoBank Index No.	DOCUMENT	TO BE EXECUTED BY	NUMBER OF ORIGINALS/ COPIES	DATE REC'D
10)	Copies of (a) Fiscal Agreement No. SWRCB0000000000DI 90102300 by and between the District, as Recipient, and the California State Water Resources Control Board ("SWRCB") for the purpose of the PROJECT NO. C-06-8108-310, Burney Water District Collection System Improvement Project, as amended by Amendment No. 1 thereto; and (b) Construction Installment Sale Agreement and Grant Burney Water District Wastewater Treatment Plant Improvement Project PROJECT NO. C-06-8108-210, AGREEMENT NO. SWRC B0000000000 DI901026.	Copy for Information	.pdf	07.13.2022 07.19.2022
11)	Beneficial Ownership Certification (Internal Approval Only)	Form to be obtained from CoBank RM and returned directly to CoBank in accordance with instructions	(not included in transcript)	
12)	Initial Draw Request Form	President or District Manager of District		
13)	Evidence of Insurance	Certification of Insurer		Received 07.20.2022 (under review by CoBank)

Draft - July 20, 2022

## INSTRUCTION LETTER

July 27, 2022

Burney Water District  
20222 Hudson Street  
Burney, CA 9601  
Attn: District Manager

Ladies and Gentlemen:

Welcome to CoBank! We appreciate the opportunity to serve the financing needs of Burney Water District (the "Borrower"). As discussed in your Credit Agreement with CoBank, this instruction letter will provide details, in the form of a checklist that will assist you in managing the closing process. This instruction letter, when executed by the Borrower and CoBank on the attached signature pages, will constitute a "Loan Document." Capitalized terms used and not defined in this letter have the meanings given to them in the Credit Agreement or any other Loan Document.

We have asked Sherman & Howard L.L.C., CoBank's outside counsel for this transaction, to send this instruction letter on CoBank's behalf. Signing instructions for Loan Documents are provided below, and delivery instructions for Loan Documents and related origination fee(s) payable to CoBank (if any) are as follows:

*Email Delivery of Loan Documents:* Complete copies of all executed documents are to be sent by e-mail to [tpschenken@shermanhoward.com](mailto:tpschenken@shermanhoward.com), with copies by email to [krozsa@shermanhoward.com](mailto:krozsa@shermanhoward.com) and [tmcghee@shermanhoward.com](mailto:tmcghee@shermanhoward.com), and/or by fax to the attention of Mr. Schenken at Sherman & Howard, Fax No. (303) 298-0940.

*Physical Delivery of Loan Documents:* Unless otherwise directed, all documents bearing the original ink signatures are to be mailed promptly to Mr. Schenken at Sherman & Howard, 675 Fifteenth Street, Suite 2300, Denver CO 80202 (303) 299-8284.

*Fee(s).* Unless otherwise directed, all original checks representing payment of origination fee(s) to CoBank (if any – see Section 9 of the Note) are to be mailed promptly (prior to closing) to Daphne Satriano, Closing Coordinator, 6340 S Fiddlers Green Circle, Greenwood Village CO 80111, 303.694.5914. Fees of legal counsel to CoBank, in an amount of up to \$5,000.00, will be paid by the Borrower.

If you are unable to deliver original signatures in a timely manner or have any other logistical concerns, please contact CoBank's outside legal counsel so alternative arrangements can be made. Sherman & Howard represents only CoBank, and we understand that the Borrower has engaged qualified counsel to review documents on behalf of the Borrower and render legal opinions described below.

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**CONDITIONS PRECEDENT.** CoBank's obligation to extend credit pursuant to the documents listed below is conditioned upon the receipt of the following items, all of which must be acceptable in form and substance to CoBank in its sole discretion and in compliance with the requirements of the Loan Documents.

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## SIGNING AUTHORITY OF BORROWER

- Resolution of the Board of Directors.** Enclosed is CoBank's suggested form of resolution. If you or your counsel prefer to use another own form of resolution, or if any edits are made to the enclosed form, please send the proposed form to CoBank's external counsel (contact information is listed at the end of this letter) for review, so that our attorney can determine if the Borrower-prepared or modified form of resolution will be acceptable to CoBank. Assuming you use the CoBank form, special attention needs to be given to the resolution:
  - The resolution form must list the officers identified under applicable statutes or in your organizational documents who are authorized to execute documents such as the Loan Documents.
  - Any listed officer titles that are not to be authorized under the resolution to obtain loans should be stricken.
  - Only titles of additional officers to be authorized on behalf of the Borrower to obtain loans and sign loan documents should be added.
  - The certification on the resolution should be completed and executed.
  
- General Closing and Incumbency Certificate.** Complete the enclosed general closing and incumbency certificate form, attach copies of all relevant internal governing documents for the district, obtain the signatures of all officers authorized by the Resolution, and have an authorized signatory complete the certification at the bottom of the form.

**It is important that the documents listed below are executed by an officer or officers authorized by your organizational documents and the Resolution and who has signed the enclosed incumbency certificate.**

## BORROWER ITEMS TO BE DELIVERED OR COMPLETED

- This Letter.**
  
- Credit Agreement No. 00143687SLA**
  
- Grant Anticipation and Revolving Credit Promissory Note No. 00143687S01**
  
- W-9 Form.** The Internal Revenue Service requires that you sign a W-9 form and return it to CoBank. Please complete the form (including the Taxpayer Identification Number of the Borrower) and sign where indicated.
  
- Opinion of Counsel – CoBank Form.** Your legal counsel will need to provide an opinion at closing. An acceptable form in which to provide this opinion is enclosed. Have your attorney work with CoBank external counsel to complete the opinion of counsel.
  
- Beneficial Ownership Certificate.** A Beneficial Ownership Certificate will be required to be completed prior to closing. You will receive this form directly from your Relationship Manager. Instructions for completing and returning the Beneficial Owner Certificate are included with the form. Please contact your Relationship Manager with any questions. This document is not to be returned to Sherman & Howard.

## BORROWER GENERAL DELIVERABLES

- SWRCB Grant Documentation.** A complete copy of the funding agreements between the California SWRCB and the Borrower for the Project, including all amendments. CoBank has received photocopies of (a) the “Fiscal Agreement No. SWRCB0000000000DI 90102300 by and between the District, as Recipient, and the California State Water Resources Control Board (“SWRCB”) for the purpose of the PROJECT NO. C-06-8108-310, Burney Water District Collection, System Improvement Project”, as amended by Amendment No. 1 thereto; and (b) Construction Installment Sale Agreement and Grant Burney Water District Wastewater Treatment Plant Improvement Project PROJECT NO. C-06-8108-210, AGREEMENT NO. SWRCB 0000000000 DI901026.
- Certificates of Insurance.** Deliver (or have your insurance company deliver):
  - General Liability Certificate of Insurance** for the Borrower's general liability insurance that typically comes on an insurance industry form called ACORD 25, and lists the policy number(s), policy period of coverage, types of coverage, coverage limits and deductibles. The Certificate should list all entities covered by the insurance policy, and name CoBank, ACB, 6340 S. Fiddlers Green Circle, Greenwood Village, Colorado 80111, as certificate holder; and
  - Property Insurance Certificate of Insurance** for the Borrower's property insurance that typically comes on an insurance industry form called ACORD 28 (or sometimes on an ACORD 24). The Certificate should list the policy number(s), policy period of coverage, types of coverage, coverage limits and deductibles. It should also list the properties covered, although the description may be general for policies with blanket coverage.

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**BANKING SERVICES AGREEMENTS.** This completed and signed package of documents is required in connection with your use of CoBank’s Telephone Banking Services, Electronic Banking Services, and Cash Management Services (each a “Service” and collectively the “Services”). These documents need to be completed, signed and returned to CoBank.

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- Master Agreement for Cash Management and Transaction Services.** This master agreement outlines the terms of the Services, your use of which will permit you to telephonically and electronically access your Deposit Account and Loan Account (each an “Account” and collectively the “Accounts”) and conduct transactions with respect to your Account(s), subject to the terms and conditions set forth in the Master Agreement.
- Designation of Authorized User(s) Form (Exhibit C).** A complete list of all persons authorized to use Telephone Banking Services must be provided. CoBank will issue all authorized users, designated by you on Exhibit C, a PIN for purposes of authenticating transactions or requests for services originated through CoBank’s Telephone Banking Service. **This form will need to be completed and signed by the Borrower.**
- Recurring Wire Transfer Templates (Exhibit D).** This form sets forth your company's recurring outgoing wire transfer instructions and ensures proper controls. **This form will need to be completed and signed by the Borrower.**
- Automated Clearing House (ACH) Form.** This form sets forth the information for the account from which periodic loan payments are to be drawn by CoBank. **This form will need to be completed and signed by the Borrower.**

- **CoLink Permissions Form-Statement Only.** This form authorizes users for Electronic Banking Services delivered via CoLink. Please complete a separate form for each authorized user. (Optional)

## **COBANK DISCLOSURE MATERIAL**

- **CoBank Annual Report and most recent Quarterly Report, if any.** Visit CoBank's website <http://www.cobank.com/Newsroom-Financials/Financial-Reports.aspx> for the most recent annual and quarterly reports and all subsequent reports.
- **CoBank's Customer Service Information Sheet.** This is an informational document that contains CoBank's Customer Service phone number, as well as wire and payment instructions for your future reference.
- **Knowledge Exchange.** Access to valuable industry reports. <http://www.cobank.com/Knowledge-Exchange.aspx>
- **Social Responsibility Report.** Growing Rural America - CoBank's Social Responsibility Report. <http://www.cobank.com/About-CoBank/Corporate-Citizenship-Pages.aspx>.
- **Customer Privacy.** Your financial privacy and the security of your other non-public information are important to CoBank. CoBank therefore holds your financial and other non-public information in strictest confidence. Federal regulations allow disclosure of such information by CoBank only in certain situations. Examples of these situations include law enforcement or legal proceedings or when such information is requested by a Farm Credit System institution with which you do business. In addition, as required by Federal laws targeting terrorism funding and money laundering activities, CoBank collects information and takes actions necessary to verify your identity.
- **Notice Regarding Electronic Signatures.** A notice regarding certain policies and terms relating to electronic signatures is attached.

## **DOCUMENTS DELIVERED BY COBANK FOR USE BY BORROWER**

- **Draw Request Form.** This form is to be completed, signed, and submitted, for each request for funds to be drawn under the Promissory Note. The form must be signed by an officer of the Borrower who has authority to request draws.

When all condition precedent documents have been delivered, and CoBank has determined that all closing conditions have been met and the loan closes (the "**Closing Date**"), we will send you a copy of the signed document(s) that are countersigned by CoBank for your records.

This Instruction Letter, the Note and any other Loan Document may be executed in counterparts, each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Instruction Letter, the Note and any other Loan Document by facsimile or other electronic means will be as effective as delivery of a manually executed counterpart of each such agreement. The obligations of the Borrower in this Instruction Letter shall survive closing.

[No Further Text on this Page]

If you have any questions, contact CoBank's outside legal counsel:

Sherman & Howard L.L.C.  
633 Seventeenth Street, Suite 3000, Denver, Colorado 80202  
Attn: T. Parker Schenken  
Direct: 303.299.8284 | Main: 303.297.2900 | Fax: 303.298.0940 | Cell: 402.616.2874  
[tpschenken@shermanhoward.com](mailto:tpschenken@shermanhoward.com)

Additionally, you are always welcome to contact your CoBank Relationship Manager:

Bryan Ervin, Relationship Manager  
CoBank, ACB, Rural Water and Community Facilities  
Toll Free: (800) 542-8072 Ext. 32139  
Direct: (303) 740-4377  
[bervin@cobank.com](mailto:bervin@cobank.com)

Sincerely,

*Sherman & Howard L.L.C.*

Sherman & Howard L.L.C.  
Outside legal counsel to CoBank

cc (via email): Victoria M. Gómez Philips, Esq., Attorney for the District  
Bryan Ervin, CoBank  
Mary Maikoetter, CoBank  
Daphne Satriano, CoBank

**SIGNATURE PAGES FOLLOW**

**SIGNATURE PAGE TO INSTRUCTION LETTER**

**IN WITNESS WHEREOF**, the parties have caused this Instruction Letter to be executed by their duly authorized officer(s).

**BURNEY WATER DISTRICT**

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

Name: \_\_\_\_\_

Title: President

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

Name: \_\_\_\_\_

Title: District Manager

**SIGNATURE PAGE TO INSTRUCTION LETTER**

**IN WITNESS WHEREOF**, the parties have caused this Instruction Letter to be executed by their duly authorized officer(s).

**COBANK, ACB**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Draft - July 20, 2022

Agreement No.00143687SLA

## CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “**Agreement**”), dated as of July 27, 2022, is entered into by and between **BURNEY WATER DISTRICT**, Burney, California, a California county water district (the “**Borrower**”), and **COBANK, ACB**, a federally-chartered instrumentality of the United States (“**Lender**”).

### RECITALS

In consideration of the agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and Lender agree as follows:

**ARTICLE 1 Defined Terms; Accounting Principles.** Certain capitalized terms used in this Agreement bear the definitions given to them in this Agreement. References to accounting standards are to United States generally accepted accounting principles, or those required of the regulatory agency having jurisdiction over the Borrower, including but not limited to the system of accounts established by the United States Department of Agriculture acting through Rural Development or the Rural Utilities Service or their predecessors (“**RD/RUS**”), if applicable, or such other commission or body as may be agreeable to Lender (the “**Accounting Standards**”).

### ARTICLE 2 The Facilities.

**2.1 Promissory Note.** The Borrower desires to borrow from Lender and Lender is willing to lend to the Borrower during the period set forth in the Promissory Note an aggregate principal amount not to exceed \$1,500,000.00, at any one time outstanding (the “**Commitment**”). The parties agree to concurrently enter into a Grant Anticipation And Revolving Credit Promissory Note (the “**Promissory Note**”). The Promissory Note will set forth Lender’s commitment to make a loan or loans to the Borrower, the amount of the loan, the purpose of the loan, the interest rate or rate options applicable to the loan, the repayment terms of the loan, and any other terms and conditions applicable to the particular loan. The Promissory Note will also contain the Borrower’s promise to make payments of interest on the unpaid principal balance of the loan, and fees and premiums, if any, and to repay the principal balance of the loan. The loan will be governed by the terms and conditions contained in this Agreement and in the Promissory Note relating to that loan.

**2.2 Availability.** Loans will be made available on any day on which Lender and the Federal Reserve Banks are open for business (a “**Business Day**”) upon the telephonic or written request of an authorized employee of the Borrower. Requests for loans must be received by 12:00 p.m. Denver, Colorado time on the date the loan is desired. Loans will be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by the Borrower.

**2.3 Security.** The Borrower’s obligations under this Agreement and the Promissory Note will be secured as provided in the Promissory Note or in a closing instruction letter signed by the parties (an “**Instruction Letter**”).

**2.4 Payments Generally.** The Borrower’s obligation to repay each loan under the Commitment will be evidenced by the Promissory Note. Lender will maintain a record of all loans, the interest accrued thereon, and all payments made with respect thereto, and such record will, absent proof of manifest error, be conclusive evidence of the outstanding principal and interest on the loans. Payments

under the Promissory Note will be made by wire transfer of immediately available funds, by check, or by automated clearing house (ACH) or other similar cash handling processes as specified by separate agreement between the Borrower and Lender. Wire transfers will be made to ABA No. 307088754 for advice to and credit of "CoBANK" (or to such other account as Lender may direct by notice). The Borrower will give Lender telephonic notice no later than 12:00 p.m. Denver, Colorado time on the day the Borrower intends to pay by wire of such intent, and funds received after 3:00 p.m. Denver, Colorado time will be credited on the next Business Day. Checks will be mailed to CoBANK, Department 167, Denver, Colorado 80291-0167 (or to such other place as Lender may direct by notice). Credit for payment by check will not be given until the later of the next Business Day after receipt of the check or the day on which Lender receives immediately available funds. If any installment of principal or interest is due on a date that is not a Business Day, then such installment will be due and payable on the next Business Day.

**2.5 Broken Funding Surcharge.** Notwithstanding the terms of any Promissory Note giving the Borrower the right to repay any loan prior to the date it would otherwise be due and payable, the Borrower agrees to provide three Business Days' prior written notice for any prepayment of a fixed rate balance and to pay to Lender a broken funding surcharge in the amount set forth below in the event the Borrower: (a) repays any fixed rate balance prior to the last day of its fixed rate period (whether such payment is made voluntarily, as a result of an acceleration, or otherwise); (b) converts any fixed rate balance to another fixed rate or to a variable rate prior to the last day of the fixed rate period applicable to such balance; or (c) fails to borrow any fixed rate balance on the date scheduled therefor. The surcharge will be in an amount equal to the greater of (1) the sum of: (i) the present value of any funding losses imputed by Lender to have been incurred as a result of such payment, conversion or failure; plus (ii) a per annum yield of 0.50% of the amount repaid, converted or not borrowed for the period such amount was scheduled to have been outstanding at such fixed rate, or (2) \$300.00. Any surcharge will be determined and calculated in accordance with methodology established by Lender, a copy of which will be made available upon request. Notwithstanding the foregoing, in the event of a conflict between the provisions of this section and of the broken funding charge section of a forward fix agreement between Lender and the Borrower, the provisions of the forward fix agreement will control.

**2.6 Taxes; Change in Law.** Any payment by the Borrower to Lender will be made net of any taxes (other than income and similar taxes imposed on or measured by Lender's overall net income). If any change in any law, rule, regulation, code, ordinance, order or the like to which the Borrower is subject, including, without limitation, all laws relating to environmental protection, and taxes (collectively, "Laws"), increases the cost of making or maintaining any loan (or any associated commitment to lend), or reduces the amount received or receivable by Lender hereunder then, upon request, the Borrower will pay to Lender such additional amount as will compensate Lender for such additional costs incurred or reduction suffered.

### **ARTICLE 3 Conditions Precedent.**

**3.1 Conditions to Promissory Note.** Lender's obligation to extend credit under the Promissory Note is subject to the condition precedent that Lender receive, in form and substance satisfactory to Lender, each of the following, except as otherwise provided in the Promissory Note or in an Instruction Letter:

(a) **This Agreement.** A duly executed copy of this Agreement, the other Loan Documents (as defined below), the Instruction Letter accompanying this Agreement, and all instruments and documents contemplated hereby and thereby.

(b) **Banking Service Agreements.** A duly completed and executed copy of the Master Agreement for Cash Management and Transaction Services, including all exhibits and attachments thereto, and any other agreement relating to the provision by Lender of cash management services which are generally required by Lender from similarly-situated customers from time to time. Lender will be entitled to rely on (and will incur no liability to the Borrower in acting on) any request or direction furnished in accordance with the terms thereof.

**3.2 Conditions to the Promissory Note.** Lender's obligations to extend credit under the Promissory Note is subject to the condition precedent that Lender receive, in form and substance satisfactory to Lender, each of the following, except as otherwise provided in the Promissory Note or in an Instruction Letter:

(a) **Promissory Note.** A duly executed copy of the Promissory Note and all instruments and documents contemplated by the Promissory Note.

(b) **Instruction Letter.** Any and all items or requirements detailed in an Instruction Letter.

(c) **Evidence of Perfection.** Such evidence as Lender may require that it has duly perfected liens as and to the extent required under this Agreement.

(d) **Evidence of Authority.** Such certified board resolutions, certificates of incumbency, and other evidence that Lender may require that the Promissory Note, this Agreement, the other Loan Documents (as defined below) and all instruments and documents executed in connection herewith and therewith, including any security documents, have been duly authorized and executed.

(e) **Fees and Other Charges.** Any fees or other charges provided for herein, in the Promissory Note or in any invoice provided by Lender.

(f) **Insurance.** Such evidence as Lender may require that the Borrower is in compliance with Section 5.4 below.

(g) **Consents and Approvals.** Evidence as Lender may require that all regulatory and other consents and approvals referred to in Section 4.6 below have been obtained and are in full force and effect.

(h) **Opinion of Counsel.** An opinion of counsel to the Borrower (which counsel must be acceptable to Lender).

**3.3 Conditions to Each Loan.** Lender's obligation under the Promissory Note to make any loan to the Borrower thereunder is subject to the condition that no "**Event of Default**" (as defined in Section 8.1 below) or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would ripen into an Event of Default (a "**Potential Default**") will have occurred and be continuing or would be caused by the making of such loan.

**ARTICLE 4 Representations and Warranties.** The execution by the Borrower of this Agreement and the Promissory Note, or any renewal or extension by Lender of the Promissory Note will constitute a representation and warranty by the Borrower that:

**4.1 Instruction Letter; Loan Documents.** Each representation and warranty and all information set forth in any Instruction Letter and/or any of the Loan Documents (as defined below) and/or

any other document submitted in connection with, or to induce Lender to enter into, such Promissory Note is correct in all material respects as of the date of such Promissory Note.

**4.2 Compliance; Legal Proceedings.** The Borrower and all property owned or leased or proposed to be acquired with the proceeds of the Promissory Note by the Borrower and all of its operations are in compliance with all applicable Laws and the terms of the Loan Documents and no Event of Default or Potential Default exists or is continuing. In addition, there are no pending legal, arbitration, or governmental actions or proceedings to which the Borrower is a party or to which any of its property is subject which, if adversely determined, might have a material adverse effect on the financial condition, operations, properties, profits, or business of the Borrower, and to the best of the Borrower's knowledge, no such actions or proceedings are threatened or contemplated. The Borrower has no subsidiaries.

**4.3 Organization; Good Standing.** The Borrower (a) is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization, (b) has the lawful power to own or lease its properties and to engage in the business it conducts or proposes to conduct, and (c) is duly qualified and in good standing in each jurisdiction where the property owned or leased by it or the nature of the business transacted by it makes such qualification necessary.

**4.4 Binding Agreement.** The Loan Documents constitute legal, valid, and binding obligations of the Borrower that are enforceable in accordance with their terms.

**4.5 Conflicting Agreements.** Neither this Agreement nor the Promissory Note, or other instrument or document securing or otherwise relating thereto (each a "**Loan Document**" and collectively, at any time, the "**Loan Documents**") conflicts with, or constitutes (with or without the giving of notice and/or the passage of time and/or the occurrence of any other condition) a default under, any other agreement to which the Borrower is a party or by which it or any of its property may be bound or affected, and does not conflict with any provision of its organizational documents.

**4.6 Consents and Approvals.** No consent, permission, authorization, order or license of any governmental authority or of any party to any agreement to which the Borrower is a party or by which it or any of its property may be bound or affected, is necessary in connection with the project, acquisition or other activity being financed by such Promissory Note, or the execution, delivery, performance or enforcement of any Loan Document, except as have been obtained and are in full force and effect.

**4.7 Budgets; Full Disclosure.** All budgets, projections, feasibility studies, and other documentation submitted by the Borrower to Lender in connection with, or to induce Lender to enter into, such Promissory Note are based upon assumptions that are reasonable and realistic, and as of the date of such Promissory Note, no fact has come to light, and no event has occurred, that would cause any assumption made therein to not be reasonable or realistic. No Loan Document or other certificate, statement, agreement, or document furnished to Lender in connection with this Agreement or any other Loan Document (a) contains any untrue statement of a material fact, or (b) fails to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The Borrower is not aware of any Material Adverse Change that has not been disclosed in writing to Lender. A "**Material Adverse Change**" means any material adverse change, as reasonably determined by Lender, in the condition, financial or otherwise, operations, business, liabilities (actual or contingent) or properties of the Borrower or in its ability to perform its obligations hereunder, under any security instrument or document, or under any other Loan Document.

**4.8 Accurate Financial Information.** Each submission of financial information or documents relating to the Borrower will constitute a representation and warranty by the Borrower that such information and documents (a) are true and accurate in all material respects, and (b) do not fail to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

**4.9 ERISA.** The Borrower is in compliance in all material respects with the applicable provisions of the Employee Retirement Income Security Act of 1974, and the regulations and published interpretations thereunder from time to time (“ERISA”).

**4.10 Margin Stock.** The Borrower is not engaged and does not intend to engage principally, or as one of its important activities, in the business of extending credit for the purpose, immediately, incidentally or ultimately, of purchasing or carrying margin stock (within the meaning of Regulation U, T or X as promulgated by the Board of Governors of the Federal Reserve System of the United States of America (the “Board”)). No part of the proceeds of any loan made by Lender to the Borrower has been or will be used, immediately, incidentally or ultimately, to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or in any way that is inconsistent with the provisions of the regulations of the Board. The Borrower does not hold or intend to hold margin stock in such amounts that more than 25% of the reasonable value of the assets of the Borrower are or will be represented by margin stock.

**4.11 Water Rights and System Condition.** The Borrower has water rights with such amounts, priorities and qualities as are necessary to service adequately the Borrower’s customers and members, subject to completion of system improvements and wastewater treatment plant improvements in process being funded by grants from the California State Water Resources Control Board (“SWRCB”). The Borrower controls, owns, or has access to all such water rights free and clear of the interest of any third party and has not suffered or permitted any transfer or encumbrance of such water rights, has not abandoned such water rights, or any of them, and has not done any act or thing which would impair or cause the loss of any such water rights. The Borrower’s utility facilities reasonably meet present demand in all material respects, are constructed in a good and professional manner, are in good working order and condition, and comply in all material respects with all applicable law.

**4.12 Rate Matters.** The Borrower’s rates for the provision of water have been approved, if applicable, by any and all necessary governmental regulatory authorities, including, without limitation, each public service commission or public utilities commission that may have jurisdiction over the operations and rates of the Borrower. Further, there is no pending, and to the Borrower’s knowledge, no threatened proceeding before any governmental authority, the objective or result of which is or could be to materially reduce or otherwise materially adversely change any of the Borrower’s rates for the provision of water and/or waste water services, or otherwise have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower.

**ARTICLE 5 Affirmative Covenants.** Unless otherwise agreed to in writing by Lender, while this Agreement is in effect, the Borrower agrees to:

**5.1 Reports and Notices.** Furnish to Lender:

(a) **Annual Financial Statements.** As soon as available, but in no event more than 270 days after the end of each fiscal year of the Borrower occurring during the term hereof, annual consolidated and consolidating financial statements of the Borrower and its consolidated subsidiaries, if any, prepared in

accordance with the Accounting Standards. Such financial statements will: (1) be audited by independent certified public accountants selected by the Borrower and acceptable to Lender; (2) be accompanied by a report of such accountants containing an opinion thereon acceptable to Lender; (3) be prepared in reasonable detail and in comparative form; and (4) include a balance sheet, a statement of income, a statement of retained earnings, a statement of cash flows, and all notes and schedules relating thereto.

(b) **Interim Financial Statements.** Such interim financial statements as Lender may request from time to time prepared in reasonable detail acceptable to Lender.

(c) **Notice of Default.** Promptly after becoming aware thereof, notice of the occurrence of an Event of Default or a Potential Default, including, without limitation, any error in the Borrower's financial information previously provided to Lender and the occurrence of any breach, default, event of default or event that, with the giving of notice and/or the passage of time and/or the occurrence of any other condition, would become a breach, default or event of default under any loan agreement, indenture, mortgage, or other credit or security agreement or instrument to which the Borrower is a party or by which it or any of its property may be bound or affected.

(d) **Notice of Litigation, Environmental Matters, Etc.** Promptly after becoming aware thereof, notice of: (1) the commencement of any action, suit or proceeding before any court, arbitrator or governmental department, commission, board, bureau, agency, or instrumentality having jurisdiction over the Borrower, that, if adversely decided, could result in a Material Adverse Change; (2) the receipt of any notice, indictment, pleading or other communication alleging a condition that may require the Borrower to undertake or to contribute to a clean-up or other response under any environmental Law, or that seeks penalties, damages, injunctive relief, criminal sanctions or other relief as a result of an alleged violation of any such Law, or that claims personal injury or property damage as a result of environmental factors or conditions; and (3) any matter that could have a material adverse effect on the Borrower, including any decision of any regulatory authority or commission.

(e) **Notice of Certain Events.** (1) Notice at least 30 days prior thereto, of any change in the Borrower's name or corporate structure; (2) notice at least 30 days prior thereto, of any change in the Borrower's organizational documents which changes must be approved in writing by Lender in its reasonable discretion; (3) notice at least 30 days prior thereto, of any change in the principal place of business of the Borrower or the office where its records concerning its accounts are kept; (4) as soon as available after any changes thereto, copies of the Borrower's organizational documents certified by the Borrower's Secretary or equivalent officer acceptable to Lender; and (5) all other notices required to be provided under the other Loan Documents.

(f) **Project Progress Reports.** Such progress reports as Lender requests from time to time for the Project, in reasonable detail acceptable to Lender, that reflect the project progress and status, budgeted and actual expenses to date and those remaining of the capital expenditures being funded on an interim basis by Promissory Note No. 00143687S01.

**5.2 Instruction Letter.** Comply with any and all requirements detailed in an Instruction Letter.

**5.3 Corporate Existence, Etc.** Preserve and keep in full force and effect its existence and good standing in the jurisdiction of its formation, qualify and remain qualified to transact business in all jurisdictions where such qualification is required, and obtain and maintain all licenses, certificates, permits, authorizations, approvals, and the like that are material to the conduct of its business or required by any Law.

**5.4 Insurance.** Maintain insurance with reputable and financially sound insurance companies or associations, including self-insurance to the extent customary, acceptable to Lender in such amounts and covering such risks as are usually carried by companies engaged in the same or similar business and similarly situated, and make such increases in the type or amount of coverage as Lender may reasonably request. All such policies insuring any collateral for the Borrower's obligations to Lender will have additional insured, mortgagee and lender's loss payee clauses or endorsements, as applicable, in form and substance satisfactory to Lender. At Lender's request, the Borrower agrees to deliver to Lender such proof of compliance with this section as Lender may require.

**5.5 Property Maintenance.** Maintain in good repair, working order and condition (ordinary wear and tear excepted) in accordance with the general practice of other businesses of similar character and size, all of those properties useful or necessary to its business, and make all alterations, replacements, and improvements thereto as may from time to time be necessary in order to ensure that its properties remain in good working order and condition. The Borrower agrees that at Lender's request, which request may not be made more than once a year, the Borrower will furnish to Lender a report on the condition of the Borrower's property prepared by a professional engineer satisfactory to Lender.

**5.6 Inspection.** Permit Lender or its agents, upon reasonable notice and during normal business hours or at such other times as the parties may agree, to inspect and visit any of its properties, examine and make excerpts from its books and records, and to discuss its business affairs, finances and accounts with its officers, directors, employees, and independent certified public accountants and to conduct reviews of any collateral.

**5.7 Books and Records.** Maintain and keep proper books and records of account in which full, true and correct entries of all its dealings, business and financial affairs will be made in accordance with the Accounting Standards.

**5.8 Compliance With Laws.** Comply in all material respects with all Laws and any patron or member investment program applicable to the Borrower. In addition, the Borrower agrees to cause all persons occupying or present on any of its properties to comply in all material respects with all Laws relating to such properties.

**5.9 Further Assurances and Other Information.** From time to time and at its expense, execute and deliver such documents and do such other acts and things as Lender in its sole discretion may deem necessary or advisable from time to time in order to more fully carry out the provisions and purpose of the Loan Documents, including delivery of such other information regarding the condition or operations, financial or otherwise, of the Borrower as Lender may from time to time reasonably request, including, but not limited to, copies of all pleadings, notices and communications referred to in Section 5.1(d) above.

**5.10 Capital.** INTENTIONALLY OMITTED.

**5.11 Delivery of Original Loan Documents.** If copies of any executed Loan Documents are delivered to Lender as provided in Article 3 above, immediately deliver to Lender the original executed versions of such Loan Documents.

**5.12 Indemnity for Taxes.** To the furthest extent permitted by law, at all times indemnify and hold and save Lender harmless from and against any and all actions or causes of action, claims, demands, liabilities, loss, damage or expense of whatsoever kind and nature incurred by Lender as a result of the non-payment of any documentary stamp tax, intangible tax, interest or penalties associated therewith or any

other local, state or federal assessment required to be paid, but not paid in conjunction with the indebtedness evidenced by the Loan Documents. The Borrower agrees to pay to Lender, its successors and assigns, all sums of money requested by Lender hereunder within thirty days of such request, which Lender will or may advance, pay or cause to be paid, or become liable to pay, on account of or in connection with failure to pay as required by the regulations of the governmental authority so imposing said payment. Lender will be entitled to charge for any and all disbursements made by it in good faith, under the reasonable belief that it or the Borrower is or was liable for the amount so assessed. Any default by the Borrower in making any payments required under this covenant will constitute a payment Event of Default under the Loan Documents and Lender may, at its option, declare the entire amount of principal plus accrued interest thereon due and payable without notice or demand.

**5.13 ERISA.** The Borrower, for so long as this Agreement remains outstanding, will remain in compliance in all material respects with the applicable provisions of **ERISA**, the failure to comply with which has or may have a material adverse effect on the Borrower.

**5.14 Water Rights and/or Supplies.** Maintain or procure water rights and/or supplies with such amounts, priorities and qualities as are necessary to service adequately the Borrower's customers and members, subject to completion of system improvements in process being funded by grants from the California SWRCB and/or RD/RUS. The Borrower will continue to control, own or have access to all such water rights and/or supplies free and clear of the interest of any third party, will not suffer or permit any transfer or encumbrance of such water rights and/or supplies, will not abandon such water rights and/or supplies, or any of them, and will not do any act or thing that would impair or cause the loss of any such water rights and/or supplies.

**ARTICLE 6 Negative Covenants.** Unless otherwise agreed to in writing by Lender while this Agreement is in effect, the Borrower will not:

**6.1 Other Indebtedness.** Create, incur, assume or allow to exist, directly or indirectly, any indebtedness or liability for borrowed money (including trade or bankers' acceptances), letters of credit, or for the deferred purchase price of property or services (including leases that should be capitalized on the books of the lessee in accordance with the Accounting Standards), except for:

- (a) debt to Lender.
- (b) accounts payable to trade creditors incurred in the ordinary course of business.
- (c) current operating liabilities (other than for borrowed money) incurred in the ordinary course of business.
- (d) debt of the Borrower to the State Revolving Fund ("**SRF**").
- (e) debt of the Borrower to RD/RUS.
- (f) purchase money security indebtedness, provided that such indebtedness does not exceed 100.000% of the purchase price of the asset(s) being acquired.

**6.2 Contingent Liabilities.** Assume, guarantee, become liable as a surety, endorse, contingently agree to purchase, or otherwise be or become liable, directly or indirectly (including, but not limited to, by means of a maintenance agreement, an asset or stock purchase agreement, or any other

agreement designed to ensure any creditor against loss), for or on account of the obligation of any person or entity, except by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of the Borrower's business.

**6.3 Liens.** Create, incur, assume, or allow to exist any mortgage, deed of trust, pledge, lien (including the lien of an attachment, judgment, or execution), security interest, or other encumbrance of any kind upon any of its property, real or personal (collectively, "Liens"). The foregoing restrictions will not apply to:

- (a) Liens in favor of Lender .
- (b) Liens in favor of RD/RUS to secure indebtedness permitted hereunder.
- (c) Liens in favor of the SRF to secure indebtedness permitted hereunder.
- (d) Liens for taxes, assessments, or governmental charges that are not past due.
- (e) pledges and deposits under workers' compensation, unemployment insurance, and social security Laws.
- (f) pledges and deposits to secure the performance of bids, tenders, contracts (other than contracts for payment of money), and like obligations arising in the ordinary course of business as conducted on the date hereof.
- (g) Liens imposed by Law in favor of mechanics, material suppliers, warehouses, and like persons that secure obligations that are not past due.
- (h) easements, rights-of-way, restrictions, and other similar encumbrances that, in the aggregate, do not materially interfere with the occupation, use, and enjoyment of the property or assets encumbered thereby in the normal course of business or materially impair the value of the property subject thereto.
- (i) purchase money Liens to secure indebtedness permitted hereunder.

**6.4 Transactions with Affiliates.** Enter into any transaction with any affiliate except in the ordinary course of and pursuant to the reasonable requirements of its business and upon fair and reasonable terms no less favorable to it than it would obtain in a comparable arm's-length transaction with a person or entity that was not an affiliate.

**6.5 Loans and Investments.** Make any loan or advance to, or make any investment in, or make any capital contribution to, or purchase or make any commitment to purchase any stock, bonds, notes or other securities of any person or entity, except for:

- (a) securities or deposits issued, guaranteed or fully insured as to payment by the United States of America or any agency thereof.
- (b) other investments of funds of the Borrower which are lawful investments for the Borrower under the applicable provisions of state law and the Borrower's charter or other organizational documents.

**6.6 Dividends and Distributions.** Declare or pay any dividends or make any other distribution of assets to shareholders of the Borrower, or retire, redeem, purchase or otherwise acquire for value any capital stock of the Borrower.

**6.7 Mergers, Acquisitions, Etc.** Merge or consolidate with any other entity or acquire all or a material part of the assets of any other person or entity, or form or create any new subsidiary, or commence operations under any other name, organization, or entity, including any joint venture.

**6.8 Transfer of Assets.** Sell, transfer, lease, or otherwise dispose of any of its assets, except: (a) in the ordinary course of business; and (b) the sale, transfer or disposal of any obsolete or worn-out assets that are no longer necessary or required in the conduct of the Borrower's business.

**6.9 Change in Business.** Engage in any business activities or operations substantially different from or unrelated to the Borrower's present business activities or operations.

**6.10 Use of Proceeds.** Use the proceeds of any loan made by Lender to the Borrower, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the Board) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

#### **ARTICLE 7 Financial Covenants.**

**7.1 Debt Service Coverage Ratio.** The Borrower and its consolidated subsidiaries, if any, will have at the end of each fiscal year of the Borrower a Debt Service Coverage Ratio (as defined below) for such year of not less than 1.10 to 1.00. For purposes hereof, the term "Debt Service Coverage Ratio" means the ratio of: (a) net income (after taxes and after eliminating any gain or loss on sale of assets or other extraordinary gain or loss), plus depreciation expense, amortization expense, and interest expense, minus non-cash patronage, and non-cash income from subsidiaries and/or joint ventures, and grant income; to (b) all principal payments due within the period on all Long-Term Debt (as defined below) plus interest expense (all as calculated on a consolidated basis for the applicable period in accordance with the Accounting Standards). For purposes hereof, "Long-Term Debt" means, for the Borrower, on a consolidated basis, the sum of (1) all indebtedness for borrowed money, (2) obligations that are evidenced by notes, bonds, debentures or similar instruments, and (3) that portion of obligations with respect to capital leases or other capitalized agreements that are properly classified as a liability on the balance sheet in conformity with Accounting Standards or that are treated as operating leases under regulations applicable to them but that otherwise would be required to be capitalized under Accounting Standards, in each case having a maturity of more than one year from the date of its creation or having a maturity within one year from such date but that is renewable or extendible, at the Borrower's option, to a date more than one year from such date or that arises under a revolving credit or similar agreement that obligates the lender(s) to extend credit during a period of more than one year from such date, including all current maturities in respect of such indebtedness whether or not required to be paid within one year from the date of its creation.

#### **ARTICLE 8 Default.**

**8.1** Each of the following will constitute an "Event of Default" hereunder:

(a) **Payment Default.** The Borrower should fail to make any payment to Lender when due.

(b) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made at any time by the Borrower, herein or in any other Loan Document, or in any certificate, other instrument or statement furnished to Lender by or on behalf of the Borrower, will have been false or misleading in any material respect as of the time it was made or furnished.

(c) **Covenants.** The Borrower defaults in the observance or performance of any covenant set forth in Article 5 (other than Sections 5.1(c), 5.1(d), 5.1(e)(1), and 5.1(e)(2) above), and such default continues for 30 days after written notice thereof will have been delivered to the Borrower by Lender.

(d) **Other Covenants and Agreements.** The Borrower defaults in the observance or performance of Sections 5.1(c), 5.1(d), 5.1(e)(1), and 5.1(e)(2) or any other covenant or agreement contained herein or in any other Loan Document or if Borrower uses the proceeds of any loan for any unauthorized purpose.

(e) **Cross Default.** The Borrower should, after any applicable grace period, breach or be in default under the terms of any other Loan Document (including, without limitation, any security instrument or document) or any other agreement between the Borrower and Lender, or between the Borrower and any affiliate of Lender, including without limitation Farm Credit Leasing Services Corporation.

(f) **Other Indebtedness.** The Borrower should fail to pay when due any indebtedness to any other person or entity for borrowed money or any long-term obligation for the deferred purchase price of property (including any capitalized lease), or any other event occurs that, under any agreement or instrument relating to such indebtedness or obligation, has the effect of accelerating or permitting the acceleration of such indebtedness or obligation, whether or not such indebtedness or obligation is actually accelerated or the right to accelerate is conditioned on the giving of notice, the passage of time, or otherwise.

(g) **Judgments.** A judgment, decree, or order for the payment of money will have been rendered against the Borrower and either: (1) enforcement proceedings will have been commenced; (2) a Lien prohibited by this Agreement, any security instrument, or any other Loan Document, will have been obtained; or (3) such judgment, decree, or order will continue unsatisfied and in effect for a period of 30 consecutive days without being vacated, discharged, satisfied, bonded, or stayed pending appeal.

(h) **Loan Document Unenforceable.** Any of the Loan Documents ceases to be a legal, valid, and binding agreement enforceable against the Borrower or is in any way terminated (except in accordance with its terms) or becomes or is declared ineffective or inoperative.

(i) **Revocation of Guaranty.** Any guaranty, suretyship, subordination agreement, maintenance agreement, or other agreement furnished in connection with the Borrower's obligations hereunder and under any Promissory Note will, at any time, cease to be in full force and effect, or will be revoked or declared null and void, or the validity thereof will be contested by the guarantor, surety or other maker thereof (each a "**Guarantor**"), or the Guarantor will deny any further liability or obligations thereunder, or will fail to perform its obligations thereunder, or any representation or warranty set forth therein will be breached, or the Guarantor will breach or be in default under the terms of any other agreement with Lender (including any loan agreement or security agreement), or a default set forth in sections (f) through (h) will occur with respect to the Guarantor.

(j) **Insolvency, Etc.** The Borrower will: (1) become insolvent or will generally not, or will be unable to, or will admit in writing its inability to, pay its debts as they become due; or (2) suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (3) apply

for, consent to, or acquiesce in the appointment of a trustee, receiver, or other custodian for it or any of its property; or (4) have commenced against it any action or proceeding for the appointment of a trustee, receiver, or other custodian and such action or proceeding is not dismissed within 30 days of the date thereof, or a trustee, receiver, or other custodian is appointed for all or any part of its property; or (5) receive notice from any regulatory or governmental authority to the effect that such authority intends to replace the management of the Borrower or assume control over the Borrower; or (6) commence or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law of any jurisdiction.

(k) **Material Adverse Change.** Any Material Adverse Change occurs, as reasonably determined by Lender.

**8.2 Remedies.** Upon the occurrence and during the continuance of an Event of Default or Potential Default, Lender will have no obligation to extend or continue to extend credit to the Borrower and may discontinue doing so at any time without prior notice or other limitation. In addition, upon the occurrence and during the continuance of any Event of Default, Lender may, upon notice to the Borrower:

(a) **Termination and Acceleration.** Terminate any commitment and declare the unpaid principal balance of the loans, all accrued interest thereon, and all other amounts payable under this Agreement, the Promissory Note, and all other Loan Documents to be immediately due and payable. Upon such a declaration, the unpaid principal balance of the loans and all such other amounts will become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by the Borrower.

(b) **Enforcement.** Proceed to protect, exercise, and enforce such rights and remedies as may be provided by this Agreement, any security instrument or document, any other Loan Document, or under Law. Each and every one of such rights and remedies will be cumulative and may be exercised from time to time, and no failure on the part of Lender to exercise, and no delay in exercising, any right or remedy will operate as a waiver thereof, and no single or partial exercise of any right or remedy will preclude any future or other exercise thereof, or the exercise of any other right. Without limiting the foregoing, Lender may hold and/or set off and apply against the Borrower's obligations to Lender the proceeds of any equity in Lender, any cash collateral held by Lender, or any balances held by Lender for the Borrower's account (whether or not such balances are then due).

(c) **Application of Funds.** Lender may apply all payments received by it to the Borrower's obligations to Lender in such order and manner as Lender may elect in its sole discretion.

(d) **CONSENT TO SUIT.** THE BORROWER CONSENTS TO THE REMEDIES PROVIDED HEREIN, INCLUDING WITHOUT LIMITATION, SUIT FOR ENFORCEMENT OF THE TERMS OF THIS AGREEMENT, THE PROMISSORY NOTE, AND ALL OTHER LOAN DOCUMENTS, AND ALL APPROPRIATE REMEDIES AT LAW OR IN EQUITY, NOTWITHSTANDING PRINCIPLES OF SOVEREIGN IMMUNITY WHICH OTHERWISE MAY BE APPLICABLE.

In addition to the rights and remedies set forth above and notwithstanding any Promissory Note: (1) upon the occurrence and during the continuance of an Event of Default, at Lender's option in each instance, the entire indebtedness outstanding hereunder and under the Promissory Note will bear interest from the date of such Event of Default until such Event of Default will have been waived or cured in a manner satisfactory to Lender at 4.00% per annum in excess of the rate(s) of interest that would otherwise be in effect on that

loan under the terms of the applicable Promissory Note; and (2) after the maturity of any loan (whether as a result of acceleration or otherwise), the unpaid principal balance of such loan (including without limitation, principal, interest, fees and expenses) will automatically bear interest at 4.00% per annum in excess of the rate(s) of interest that would otherwise be in effect on that loan under the terms of the Promissory Note. All interest provided for herein will be payable on demand and will be calculated on the basis of a year consisting of 360 days.

#### **ARTICLE 9 Miscellaneous.**

**9.1 Amendments; Waivers; Etc.** No amendment, modification, or waiver of any provision of this Agreement or the other Loan Documents, and no consent to any departure by the Borrower herefrom or therefrom, will be effective unless approved by Lender and contained in a writing signed by or on behalf of Lender, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given. In the event this Agreement is amended or restated, each such amendment or restatement will be applicable to all Promissory Notes hereto.

#### **ARTICLE 10 Expenses; Indemnification; Damage Waiver.**

**10.1 Costs and Expenses.** To the extent allowed by Law, the Borrower agrees to pay all reasonable out-of-pocket costs and expenses (including the fees and expenses of counsel retained or employed by Lender) incurred by Lender and any participants of Lender in connection with the origination, administration, collection and enforcement of this Agreement and the other Loan Documents, including, without limitation, all costs and expenses incurred in obtaining, perfecting, maintaining, determining the priority of, and releasing any security for the Borrower's obligations to Lender, and any stamp, intangible, transfer or like tax incurred in connection with this Agreement or any other Loan Document or the recording hereof or thereof.

**10.2 Indemnification.** To the extent allowed by Law, the Borrower indemnifies Lender, its affiliates and its and their respective officers, directors, employees, agents and advisors (each an "**Indemnitee**") against, and holds each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including fees and expenses of employed or retained counsel) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of or as a result of (a) the execution or delivery of any Loan Document, the performance or nonperformance by the Borrower of its obligations under any Loan Document or the consummation of the transactions contemplated thereby, including the use of the proceeds therefrom, (b) breach of representations, warranties or covenants of the Borrower under any Loan Document, or (c) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, including any such items or losses relating to or arising under environmental Laws or pertaining to environmental matters, regardless whether any Indemnitee is a party thereto; provided that such indemnity will not, as to an Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

**10.3 Waiver of Consequential Damages.** To the fullest extent permitted by applicable Law, the Borrower will not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages arising out of, in connection with, or as a result of, any Loan Document, the transactions contemplated thereby or the use of the proceeds thereof.

**10.4 Notices.** All notices hereunder will be in writing and will be deemed to have been duly given when addressed to the party intended to receive the same at the address of such party set forth below (or such other address either party may specify by like notice), (a) upon delivery if personally delivered to a party at such address, (b) three days after the same is deposited in the United States mail as first class, certified mail, return receipt requested, postage paid, (c) one business day after the same has been deposited with Federal Express or another nationally recognized overnight courier service if designated for next-day delivery, and (d) upon delivery if sent by facsimile or electronic mail with confirmation of delivery of the same:

If to Lender, as follows:

For general correspondence purposes:  
P.O. Box 5110  
Denver, Colorado 80217-5110

For direct delivery purposes, when desired:  
6340 South Fiddlers Green Circle  
Greenwood Village, Colorado 80111-1914

Attention: Credit Information Services  
Fax No.: (303) 224-6101

If to the Borrower, as follows:

Burney Water District  
20222 Hudson Street  
Burney, CA 9601  
Attn: District Manager

**10.5 Effectiveness and Severability.** This Agreement will continue in effect until: (a) all indebtedness and obligations of the Borrower under this Agreement and the other Loan Documents have been paid or satisfied; (b) Lender has no commitment to extend credit to or for the account of the Borrower under any Promissory Note; and (c) either party sends written notice to the other party terminating this Agreement. Any provision of this Agreement or any other Loan Document that is prohibited or unenforceable in any jurisdiction will be ineffective to the extent of such prohibition or unenforceable without invalidating the remaining provisions hereof or thereof.

**10.6 Successors and Assigns.**

(a) **Successors and Assigns Generally.** This Agreement and the other Loan Documents will be binding upon and inure to the benefit of the Borrower and Lender and their respective successors and assigns, except that the Borrower may not assign or transfer its rights or obligations under this Agreement or the other Loan Documents without the prior written consent of Lender.

(b) **Participations, Etc.** From time to time, Lender may sell to one or more banks, financial institutions, or other lenders a participation in one or more of the loans or other extensions of credit made pursuant to this Agreement. However, no such participation will relieve Lender of any commitment made to the Borrower hereunder. In connection with the foregoing, Lender may disclose information concerning the Borrower and its subsidiaries, if any, to any participant or prospective participant, provided that such participant or prospective participant agrees to keep such information confidential. A sale of a participation interest may include certain voting rights of the participants regarding the loans hereunder (including without limitation the administration, servicing, and enforcement thereof). Lender agrees to give written notification to the Borrower of any sale of a participation interest.

**10.7 Integration; Other Types of Credit; Counterparts.**

(a) **Integration.** The Loan Documents are intended by the parties to be a complete and final expression of their agreement. The Promissory Note will be deemed to incorporate all of the terms and conditions of this Agreement as if fully set forth therein. Without limiting the foregoing, any capitalized term utilized in any Promissory Note (or in any amendment to this Agreement or Promissory Note) and not otherwise defined in the Promissory Note (or amendment) will have the meaning set forth herein or, if applicable, in the Accounting Standards. In the event the Accounting Standards are changed after the date hereof, then all such changes will be applicable hereto, unless Lender otherwise specifies in writing.

(b) **Other Types of Credit.** From time to time, Lender may issue letters of credit or extend other types of credit to or for the account of the Borrower. In the event the parties desire to do so under the terms of this Agreement, then the agreement of the parties with respect thereto may be set forth in the Promissory Note and this Agreement will be applicable thereto.

(c) **Counterparts; Electronic Signatures.** This Agreement, the Promissory Note and any other Loan Document may be executed in counterparts, each of which will constitute an original, but all of which when taken together will constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement, any Promissory Note or any other Loan Document by facsimile or other electronic means will be as effective as delivery of a manually executed counterpart of each such Agreement, Promissory Note or Loan Document. The parties agree that the electronic signature of a party to this Agreement, any Promissory Note or any other Loan Document shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement or such Loan Document. The parties agree that any electronically signed Loan Document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. The parties presently intend to authenticate any Loan Documents to which they are a party by either signing such Loan Document or attaching thereto or logically associating therewith an electronic sound, symbol or process as their respective electronic signature. The words "execution," "signed," "signature," and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, or any similar state Laws based on the Uniform Electronic Transactions Act.

**10.8 Applicable Law; Submission to Jurisdiction; Service of Process; Waiver of Venue; Waiver of Jury Trial.**

(a) **Applicable Law.** Without giving effect to the principles of conflict of laws and except to the extent governed by federal law, the Laws of the State of California, without reference to choice of law doctrine, will govern this Agreement, the Promissory Note and any other Loan Document, and all disputes and matters between the parties to this Agreement, including all disputes and matters whatsoever arising under, in connection with or incident to the lending and/or leasing or other business relationship between the parties, and the rights and obligations of the parties to this Agreement or any other Loan Document by and between the parties.

(b) **Waiver of Venue.** The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

(c) **Waiver of Jury Trial.** The Borrower and Lender each hereby irrevocably waives any right it may have to a trial by jury in connection with any action directly or indirectly arising out of or relating to this Agreement or any other Loan Document. Each party hereto (1) certifies that no representative, administrative agent or attorney of any other person has represented, expressly or otherwise, that such other person would not, in the event of litigation, seek to enforce the foregoing waiver and (2) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and other Loan Documents by, among other things, the mutual waivers and certifications in this section.

**10.9 USA Patriot Act Notice.** Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify, and record information that identifies the Borrower in accordance with the USA Patriot Act. The Borrower covenants and agrees it will not, and agrees to cause each of its subsidiaries (if any) not to, at any time, directly or indirectly be (a) a person with whom Lender is restricted from doing business under any Anti-Terrorism Law, (b) engaged in any business involved in making or receiving any contribution of funds, goods or services to or for the benefit of such a person or in any transaction that evades or avoids, or has the purpose of evading or avoiding, the prohibitions set forth in any Anti-Terrorism Law, or (c) otherwise in violation of any Anti-Terrorism Law (the Borrower will and will cause each of its subsidiaries (if any) to provide to Lender any certifications or information that Lender requests to confirm compliance by the Borrower and its subsidiaries (if any) with any Anti-Terrorism Law). “**Anti-Terrorism Law**” means any Law relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act, the Laws comprising or implementing the Bank Secrecy Act, and the Laws administered by the United States Treasury Department’s Office of Foreign Asset Control, as any of the foregoing Laws may from time to time be amended, renewed, extended, or replaced.

**SIGNATURE PAGE FOLLOWS**

**SIGNATURE PAGE TO CREDIT AGREEMENT**

**IN WITNESS WHEREOF**, the parties hereto, by their duly authorized officers, have executed this Agreement.

**BURNEY WATER DISTRICT**

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
President  
\_\_\_\_\_

By:

Name:

Title:

\_\_\_\_\_  
\_\_\_\_\_  
District Manager  
\_\_\_\_\_

BURNEY WATER DISTRICT  
Burney, California  
Agreement No. 00143687SLA

**SIGNATURE PAGE TO CREDIT AGREEMENT**

**IN WITNESS WHEREOF**, the parties hereto, by their duly authorized officers, have executed this Agreement.

**COBANK, ACB**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Draft - July 20, 2022

Loan No. 00143687S01

## GRANT ANTICIPATION AND REVOLVING CREDIT PROMISSORY NOTE

**THIS GRANT ANTICIPATION AND REVOLVING CREDIT PROMISSORY NOTE** (this “**Promissory Note**”) to the Credit Agreement dated July 27, 2022 (the “**Credit Agreement**”), is entered into as of July 27, 2022, between **COBANK, ACB**, a federally chartered instrumentality of the United States (“**Lender**”), and **BURNEY WATER DISTRICT**, Burney, California, a California county water district (the “**Borrower**”). This Promissory Note is issued pursuant to California Government Code sections 53859 to 53859.08 and other applicable legal authority. Capitalized terms not otherwise defined in this Promissory Note will have the meanings set forth in the Credit Agreement.

**SECTION 1. REVOLVING CREDIT COMMITMENT.** On the terms and conditions set forth in the Credit Agreement and this Promissory Note, Lender agrees to make loans to the Borrower during the period set forth below in an aggregate principal amount not to exceed \$1,500,000.00, at any one time outstanding (the “**Commitment**”). Within the limits of the Commitment, the Borrower may borrow, repay and re-borrow.

**SECTION 2. PURPOSE.** The purpose of the Commitment is to provide gap financing for capital expenditures for the Borrower’s water system and wastewater treatment plant (the “**Project**”) as approved by and being funded with grants from (a) the California State Water Resources Control Board (the “**SWRCB**”) pursuant to the Fiscal Agreement No. SWRCB0000000000D1 901 02300 by and between the Borrower, as Recipient, and the SWRCB for the purpose of the PROJECT NO. C-06-8108-310, Burney Water District Collection, System Improvement Project, as amended, and (b) the Construction Installment Sale Agreement and Grant Burney Water District Wastewater Treatment Plant Improvement Project PROJECT NO. C-06-8108-210, AGREEMENT NO. SWRCB0000000000 D1901026 (together, the “**Grant Agreement**”).

**SECTION 3. TERM.** The term of the Commitment will be from the date hereof, up to and including June 30, 2023 (the “**Term Expiration Date**”), or such later date as Lender may, in its sole discretion, authorize in writing. Notwithstanding the foregoing, the Commitment will be renewed for an additional year only if, on or before the Term Expiration Date, Lender provides to the Borrower a written notice of renewal for an additional year (a “**Renewal Notice**”). If on or before the Term Expiration Date, Lender grants a short-term extension of the Commitment, the Commitment will be renewed for an additional year only if Lender provides to the Borrower a Renewal Notice on or before such extended expiration date. All annual renewals will be measured from, and effective as of, the same day as the Term Expiration Date in any year. Notwithstanding the foregoing, no extension or renewal will be provided by Lender for periods after the final reimbursement request date under the Grant Agreement.

**SECTION 4. LIMITS ON ADVANCES, AVAILABILITY, ETC.** The loans will be made available as provided in Article 2 of the Credit Agreement; provided, that, Lender will be obligated to fund each draw requested hereunder only upon receipt of evidence satisfactory to Lender of written backup identifying the use of the requested funds for grant-approved eligible Project costs and the most recent construction and planning project progress report, each in detail acceptable to Lender, at least two days prior to the draw.

### SECTION 5. INTEREST; PAYMENT OF INTEREST.

**(A) Daily Simple SOFR Rate.** The Borrower agrees to pay interest on the outstanding principal amount of this Promissory Note at a variable rate per annum equal at all times to **1.75%** (the

**BURNEY WATER DISTRICT**

Burney, California

Note No. 00143687S01

“**Daily Simple SOFR Margin**”) plus the higher of: (1) zero percent (0.00%); and (2) Daily Simple SOFR (as defined below). Borrowings may only be made on a day which is a Business Day (as defined below) and requests for borrowings must be received by 12:00 p.m. Denver, Colorado time on the date the borrowing is desired. Information about the then-current rate will be made available upon telephonic request. For purposes of this Promissory Note, Daily Simple SOFR shall be considered a variable rate option. For purposes hereof, (a) “**Daily Simple SOFR**” means SOFR (as defined below) for the day that is five U.S. Government Securities Business Days (as defined below) prior to (i) if such day is a U.S. Government Securities Business Day, such day or (ii) if such day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such day. Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to the Borrower; (b) “**SOFR**” means, for any U.S. Government Securities Business Day, a rate per annum equal to the secured overnight financing rate for such day published (at such time as Lender may determine in its sole discretion) by the SOFR Administrator on its website (or any successor source identified by the SOFR Administrator from time to time) on the immediately succeeding U.S. Government Securities Business Day; (c) “**SOFR Administrator**” means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate); (d) “**U.S. Government Securities Business Day**” means any day except for (i) a Saturday, (ii) a Sunday, or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; and (e) “**Business Day**” means a day on which Lender and the Federal Reserve Banks are open for business.

(B) **Payment of Interest.** Interest will be calculated on the actual number of days each loan is outstanding on the basis of a year consisting of 360 days and will be payable monthly in arrears by the 20th day of each month or on such other day as Lender will reasonably require in a written notice to the Borrower (“**Interest Payment Date**”).

(C) **Benchmark Replacement and Modification.** Notwithstanding anything to the contrary in this Promissory Note or in any other Loan Document:

(i) if at any time Lender determines that (1) any interest rate offered hereunder (each such interest rate, a “**Benchmark**”) has been, or is likely to be, discontinued; (2) any Benchmark is not or is likely to not be representative of the underlying market and economic reality that such Benchmark is intended to measure; or (3) any Benchmark does not, or is likely not to, adequately and fairly reflect the cost to Lender of making or maintaining loans hereunder, or (4) any Benchmark is, or is likely to be, unlawful, Lender may amend this Promissory Note and any other Loan Document to replace such Benchmark with a Benchmark Replacement. “**Benchmark Replacement**” means, for any Benchmark, a replacement benchmark rate, which may include a spread adjustment, that has been selected by Lender in its sole discretion, giving due consideration to (a) any recommendation by a relevant governmental body of a replacement benchmark rate, the mechanism for determining such a rate or a spread adjustment, or (b) any evolving or then-prevailing market convention for determining a benchmark rate or a spread adjustment. Lender may effect such amendments to this Promissory Note and the other Loan Documents as Lender in its sole discretion deems appropriate to reflect the adoption and implementation of such replacement rate, which amendments will become effective without any further action or consent of any other party to this Promissory Note or any other Loan Document; provided that Lender shall give the Borrower notice of any such amendment. In no event shall any Benchmark Replacement be less than zero percent (0.00%).

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Note No. 00143687S01

(ii) if at any time Lender determines in its discretion that any Benchmark is unavailable for any reason on a temporary basis, Lender may (i) calculate such Benchmark using such previous or historical publications of such Benchmark as Lender determines in its discretion to be appropriate, or (ii) select and apply a Benchmark Replacement during such period.

(iii) Lender will have the right to make from time to time any technical, administrative or operational changes that Lender decides in its discretion may be appropriate to permit or enhance the efficient administration of any Benchmark or the adoption, implementation or administration of any Benchmark Replacement. Any amendments implementing such changes will become effective without any further action or consent of any other party to this Note or any other Loan Document; provided that Lender shall give the Borrower notice of any such amendment.

**SECTION 6. PROMISSORY NOTE.** The Borrower promises to repay the unpaid principal balance of the loans on the Term Expiration Date. In addition to the above, the Borrower promises to pay interest on the unpaid principal balance of the loans at the times and in accordance with the provisions set forth herein.

**SECTION 7. PREPAYMENT.** Subject to the broken funding surcharge provision of the Credit Agreement, the Borrower:

(A) **Voluntary Prepayment.** May prepay all or any portion of the loan(s).

(B) **Mandatory Prepayment.** Will prepay the loan(s) hereunder within 30 days after receipt of each reimbursement from SWRCB of expenses paid with funds drawn under this Promissory Note, and will make full and final prepayment immediately upon receipt by Borrower of the final grant disbursement(s) from SWRCB for the purpose of providing long term financing for the Project for which the funds from this Commitment were used. Full and final repayment under this provision following final grant disbursement(s) from SWRCB will evidence the Borrower's request for cancellation of the Commitment.

Unless otherwise agreed, all prepayment whether voluntary or mandatory will be applied to principal installments in the inverse order of their maturity.

**SECTION 8. SECURITY.** The Borrower's obligations hereunder and, to the extent related hereto, under the Credit Agreement and the other Loan Documents (collectively, the "**Obligations**"), are secured as provided in Section 2.3 of the Credit Agreement. In addition, as security for the Obligations, pursuant to the California Government Code Section 53580.06, the Borrower hereby pledges to Lender, and grants to Lender a continuing security interest in, all grant funds payable by the SWRCB pursuant to the terms of the Grant Agreement. This pledge shall constitute a first lien upon and charge against the grant funds for the Project. As further security for the Obligations, the Borrower pledges to Lender, and grants to Lender a continuing security interest in, all system revenues of the Borrower.

**SECTION 9. FEES.**

(A) **Origination Fee. INTENTIONALLY OMITTED.**

(B) **Unused Fee.** The Borrower agrees to pay to Lender a fee (the "**Unused Fee**") for each day calculated by multiplying (x) the available Commitment (i.e., the Commitment, less all amounts drawn and

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Burney, California

**Note No.** 00143687S01

outstanding) at 3:00 p.m. (Denver, Colorado time) on such date (calculated after giving effect to any advance(s) made on such date and any advance(s) prepaid or repaid on such day), by (y) 0.25%, and by (z) a fraction equal to 1/360. The Undrawn Fee will be payable monthly in arrears on each Interest Payment Date.

**SECTION 10. ADDITIONAL COVENANTS.** The Borrower shall comply with all covenants in the Credit Agreement, including, without limitation, financial covenants set out in Article 7 thereof.

**SIGNATURE PAGE FOLLOWS**

**BURNEY WATER DISTRICT**

Burney, California

Note No. 00143687S01

**SIGNATURE PAGE TO PROMISSORY NOTE**

**IN WITNESS WHEREOF**, the parties have caused this Promissory Note to be executed by their duly authorized officer(s).

**BURNEY WATER DISTRICT**

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

Name: \_\_\_\_\_

Title: President

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

Name: \_\_\_\_\_

Title: District Manager

**SIGNATURE PAGE TO PROMISSORY NOTE**

**BURNEY WATER DISTRICT**

Burney, California

Note No. 00143687S01

**IN WITNESS WHEREOF**, the parties have caused this Promissory Note to be executed by their duly authorized officer(s).

**COBANK, ACB**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Draft - July 20, 2022

**GENERAL CLOSING AND INCUMBENCY CERTIFICATE**

The undersigned do hereby certify that we are the duly qualified and acting President and Secretary of the Board, respectively, of Burney Water District, of Burney, California (the “**Borrower**”), a county water district organized and existing under the laws of the State of California (the “**State**”), and as such officials we do further represent, warrant and certify as follows:

1. *Organization.* The Borrower is a legally constituted county water district and political subdivision duly organized and existing under the laws of the State.

2. *Organizational Documents.* Attached to this Certificate are full, accurate and complete copies of the internal organizational documents (if any) of the Borrower that are in full force and effect as of the date of this certificate, including:

- Bylaws dated: \_\_\_\_\_
- Indenture dated: \_\_\_\_\_
- Other: \_\_\_\_\_
- None.

3. *Governing Body.* The Borrower is governed by a Board of Directors (the “**Governing Body**”), presently consisting of the following:

<u>Name</u>	<u>Title</u>	<u>Expiration of Term</u>
Britta Rogers	Director, President	December 31, 2022
Sarah Clark	Director	December 31, 2022
Jim Hamlin	Director	December 31, 2022
Fred Ryness	Director	December 31, 2024
David Barry	Director	December 31, 2024

The foregoing members of the Governing Body were and are the duly qualified and acting members of the Governing Body all times during which such persons participated in the proceedings authorizing the transactions described in this Certificate.

4. *Officers.* The current officers of the Borrower, and correct specimen signatures for each such officer, appear below:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Britta Rogers	President	_____
_____	Vice President	_____
David Zevely	District Manager	_____
_____	Board Secretary	_____

Each such officer (each, an “**Authorized Officer**”) is authorized to execute and deliver the Loan Documents on behalf of the Borrower pursuant to the Authorizing Measure (defined below). The foregoing officers of the Borrower were and are the duly qualified and acting officials of the Borrower holding such offices at all times during which such persons participated in the proceedings authorizing the transactions described in this Certificate.

5. *Authorizing Measure.* Attached (or included within the transcript accompanying this Certificate) is a true, correct and complete copy of the ordinance or resolution (the “**Authorizing Measure**”) duly adopted by the Governing Body and authorizing the execution and delivery of the Credit Agreement dated on or about the date of this Certificate (the “**Agreement**”) and the issuance of the bond(s) or note(s) executed and delivered to CoBank, ACB (the “**Lender**”) in connection therewith (whether one or more, as amended from time to time, collectively, the “**Obligations**”; the Agreement, the Obligations and any and all other documents and certificates executed in connection therewith are referred to collectively as the “**Loan Documents**”). The Authorizing Measure was duly approved in accordance with all applicable laws, including, without limitation, laws governing the powers of the Borrower, laws restricting the incurrence of indebtedness, laws relating to conflicts of interest and open meeting or similar laws, is in full force and effect and has not been modified or repealed as of the date hereof. The Authorizing Measure authorizes the execution, delivery and performance of the Loan Documents by the Authorized Officers of the Borrower.

6. *No Litigation or Controversy.* There is no litigation or controversy pending or threatened questioning or affecting in any manner whatsoever the existence of the Borrower, the rights of the members of the Governing Body or the officers to their respective offices, the boundaries or territory of the Borrower, the right of the Borrower to levy taxes or impose rates and charges, as applicable, for its purposes or in any way challenging the right or power of the Borrower to execute, deliver or perform any of the Loan Documents.

7. *No Violation or Conflict.* The execution, delivery, and performance by the Borrower of the Loan Documents do not and will not: (A) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency or charter documents, as applicable, of the Borrower, or any agreement, indenture, mortgage, or other instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound; or (B) be in conflict with, result in a breach of, or constitute with the giving of notice or passage of time, or both, a default under any such law, rule, regulation, judgment, order, ruling, agreement, indenture, mortgage, or other instrument.

8. *No Required Consents or Approvals.* No consent, permission, authorization, order or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.

9. *Purpose of Certificate.* All statements herein and the documents attached are representations made to the Lender for the purpose of obtaining a loan or loans.

SIGNATURE PAGE FOLLOWS

Dated July 27, 2022.

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President

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Secretary of the Board

*[SIGNATURE PAGE TO GENERAL CLOSING AND INCUMBENCY CERTIFICATE]*

# Request for Taxpayer Identification Number and Certification

**Give Form to the  
 requester. Do not  
 send to the IRS.**

Print or type See Specific Instructions on page 2.	1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. <b>Burney Water District</b>		
	2 Business name/disregarded entity name, if different from above		
	3 Check appropriate box for federal tax classification; check only <b>one</b> of the following seven boxes: <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▶ _____ <b>Note.</b> For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner. <input checked="" type="checkbox"/> Other (see instructions) ▶ _____		4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ <small>(Applies to accounts maintained outside the U.S.)</small>
	5 Address (number, street, and apt. or suite no.) <b>California county water district</b>		Requester's name and address (optional)
	6 City, state, and ZIP code <b>Burney, CA 96013</b>		
	7 List account number(s) here (optional)		

## Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

<b>Social security number</b>									
<b>or</b>									
<b>Employer identification number</b>									
9	4	-	6	0	0	0	1	4	0

**Note.** If the account is in more than one name, see the instructions for line 1 and the chart on page 4 for guidelines on whose number to enter.

## Part II Certification

- Under penalties of perjury, I certify that:
- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
  - I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
  - I am a U.S. citizen or other U.S. person (defined below); and
  - The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

**Certification instructions.** You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

<b>Sign Here</b>	Signature of U.S. person ▶ _____	Date ▶ _____
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## General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.  
**Future developments.** Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at [www.irs.gov/fw9](http://www.irs.gov/fw9).

### Purpose of Form

- An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:
- Form 1099-INT (interest earned or paid)
  - Form 1099-DIV (dividends, including those from stocks or mutual funds)
  - Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
  - Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
  - Form 1099-S (proceeds from real estate transactions)
  - Form 1099-K (merchant card and third party network transactions)

- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
  - Form 1099-C (canceled debt)
  - Form 1099-A (acquisition or abandonment of secured property)
- Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.
- If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.*
- By signing the filled-out form, you:
- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
  - Certify that you are not subject to backup withholding, or
  - Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and
  - Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

**Note.** If you are a U.S. person and a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

**Definition of a U.S. person.** For federal tax purposes, you are considered a U.S. person if you are:

- An individual who is a U.S. citizen or U.S. resident alien;
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States;
- An estate (other than a foreign estate); or
- A domestic trust (as defined in Regulations section 301.7701-7).

**Special rules for partnerships.** Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax under section 1446 on any foreign partners' share of effectively connected taxable income from such business. Further, in certain cases where a Form W-9 has not been received, the rules under section 1446 require a partnership to presume that a partner is a foreign person, and pay the section 1446 withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid section 1446 withholding on your share of partnership income.

In the cases below, the following person must give Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States:

- In the case of a disregarded entity with a U.S. owner, the U.S. owner of the disregarded entity and not the entity;
- In the case of a grantor trust with a U.S. grantor or other U.S. owner, generally, the U.S. grantor or other U.S. owner of the grantor trust and not the trust; and
- In the case of a U.S. trust (other than a grantor trust), the U.S. trust (other than a grantor trust) and not the beneficiaries of the trust.

**Foreign person.** If you are a foreign person or the U.S. branch of a foreign bank that has elected to be treated as a U.S. person, do not use Form W-9. Instead, use the appropriate Form W-8 or Form 8233 (see Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities).

**Nonresident alien who becomes a resident alien.** Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the payee has otherwise become a U.S. resident alien for tax purposes.

If you are a U.S. resident alien who is relying on an exception contained in the saving clause of a tax treaty to claim an exemption from U.S. tax on certain types of income, you must attach a statement to Form W-9 that specifies the following five items:

1. The treaty country. Generally, this must be the same treaty under which you claimed exemption from tax as a nonresident alien.
2. The treaty article addressing the income.
3. The article number (or location) in the tax treaty that contains the saving clause and its exceptions.
4. The type and amount of income that qualifies for the exemption from tax.
5. Sufficient facts to justify the exemption from tax under the terms of the treaty article.

**Example.** Article 20 of the U.S.-China income tax treaty allows an exemption from tax for scholarship income received by a Chinese student temporarily present in the United States. Under U.S. law, this student will become a resident alien for tax purposes if his or her stay in the United States exceeds 5 calendar years. However, paragraph 2 of the first Protocol to the U.S.-China treaty (dated April 30, 1984) allows the provisions of Article 20 to continue to apply even after the Chinese student becomes a resident alien of the United States. A Chinese student who qualifies for this exception (under paragraph 2 of the first protocol) and is relying on this exception to claim an exemption from tax on his or her scholarship or fellowship income would attach to Form W-9 a statement that includes the information described above to support that exemption.

If you are a nonresident alien or a foreign entity, give the requester the appropriate completed Form W-8 or Form 8233.

## Backup Withholding

**What is backup withholding?** Persons making certain payments to you must under certain conditions withhold and pay to the IRS 28% of such payments. This is called "backup withholding." Payments that may be subject to backup withholding include interest, tax-exempt interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, payments made in settlement of payment card and third party network transactions, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

You will not be subject to backup withholding on payments you receive if you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return.

**Payments you receive will be subject to backup withholding if:**

1. You do not furnish your TIN to the requester,
2. You do not certify your TIN when required (see the Part II instructions on page 3 for details),

3. The IRS tells the requester that you furnished an incorrect TIN,

4. The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or

5. You do not certify to the requester that you are not subject to backup withholding under 4 above (for reportable interest and dividend accounts opened after 1983 only).

Certain payees and payments are exempt from backup withholding. See *Exempt payee code* on page 3 and the separate Instructions for the Requester of Form W-9 for more information.

Also see *Special rules for partnerships* above.

## What is FATCA reporting?

The Foreign Account Tax Compliance Act (FATCA) requires a participating foreign financial institution to report all United States account holders that are specified financial United States persons. Certain payees are exempt from FATCA reporting. See *Exemption from FATCA reporting code* on page 3 and the Instructions for the Requester of Form W-9 for more information.

## Updating Your Information

You must provide updated information to any person to whom you claimed to be an exempt payee if you are no longer an exempt payee and anticipate receiving reportable payments in the future from this person. For example, you may need to provide updated information if you are a C corporation that elects to be an S corporation, or if you no longer are tax exempt. In addition, you must furnish a new Form W-9 if the name or TIN changes for the account; for example, if the grantor of a grantor trust dies.

## Penalties

**Failure to furnish TIN.** If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

**Civil penalty for false information with respect to withholding.** If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of federal law, the requester may be subject to civil and criminal penalties.

## Specific Instructions

### Line 1

You must enter one of the following on this line; **do not** leave this line blank. The name should match the name on your tax return.

If this Form W-9 is for a joint account, list first, and then circle, the name of the person or entity whose number you entered in Part I of Form W-9.

a. **Individual.** Generally, enter the name shown on your tax return. If you have changed your last name without informing the Social Security Administration (SSA) of the name change, enter your first name, the last name as shown on your social security card, and your new last name.

**Note. ITIN applicant:** Enter your individual name as it was entered on your Form W-7 application, line 1a. This should also be the same as the name you entered on the Form 1040/1040A/1040EZ you filed with your application.

b. **Sole proprietor or single-member LLC.** Enter your individual name as shown on your 1040/1040A/1040EZ on line 1. You may enter your business, trade, or "doing business as" (DBA) name on line 2.

c. **Partnership, LLC that is not a single-member LLC, C Corporation, or S Corporation.** Enter the entity's name as shown on the entity's tax return on line 1 and any business, trade, or DBA name on line 2.

d. **Other entities.** Enter your name as shown on required U.S. federal tax documents on line 1. This name should match the name shown on the charter or other legal document creating the entity. You may enter any business, trade, or DBA name on line 2.

e. **Disregarded entity.** For U.S. federal tax purposes, an entity that is disregarded as an entity separate from its owner is treated as a "disregarded entity." See Regulations section 301.7701-2(c)(2)(iii). Enter the owner's name on line 1. The name of the entity entered on line 1 should never be a disregarded entity. The name on line 1 should be the name shown on the income tax return on which the income should be reported. For example, if a foreign LLC that is treated as a disregarded entity for U.S. federal tax purposes has a single owner that is a U.S. person, the U.S. owner's name is required to be provided on line 1. If the direct owner of the entity is also a disregarded entity, enter the first owner that is not disregarded for federal tax purposes. Enter the disregarded entity's name on line 2, "Business name/disregarded entity name." If the owner of the disregarded entity is a foreign person, the owner must complete an appropriate Form W-8 instead of a Form W-9. This is the case even if the foreign person has a U.S. TIN.

**Line 2**

If you have a business name, trade name, DBA name, or disregarded entity name, you may enter it on line 2.

**Line 3**

Check the appropriate box in line 3 for the U.S. federal tax classification of the person whose name is entered on line 1. Check only one box in line 3.

**Limited Liability Company (LLC).** If the name on line 1 is an LLC treated as a partnership for U.S. federal tax purposes, check the "Limited Liability Company" box and enter "P" in the space provided. If the LLC has filed Form 8832 or 2553 to be taxed as a corporation, check the "Limited Liability Company" box and in the space provided enter "C" for C corporation or "S" for S corporation. If it is a single-member LLC that is a disregarded entity, do not check the "Limited Liability Company" box; instead check the first box in line 3 "Individual/sole proprietor or single-member LLC."

**Line 4, Exemptions**

If you are exempt from backup withholding and/or FATCA reporting, enter in the appropriate space in line 4 any code(s) that may apply to you.

**Exempt payee code.**

- Generally, individuals (including sole proprietors) are not exempt from backup withholding.
- Except as provided below, corporations are exempt from backup withholding for certain payments, including interest and dividends.
- Corporations are not exempt from backup withholding for payments made in settlement of payment card or third party network transactions.
- Corporations are not exempt from backup withholding with respect to attorneys' fees or gross proceeds paid to attorneys, and corporations that provide medical or health care services are not exempt with respect to payments reportable on Form 1099-MISC.

The following codes identify payees that are exempt from backup withholding. Enter the appropriate code in the space in line 4.

- 1—An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
- 2—The United States or any of its agencies or instrumentalities
- 3—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities
- 4—A foreign government or any of its political subdivisions, agencies, or instrumentalities
- 5—A corporation
- 6—A dealer in securities or commodities required to register in the United States, the District of Columbia, or a U.S. commonwealth or possession
- 7—A futures commission merchant registered with the Commodity Futures Trading Commission
- 8—A real estate investment trust
- 9—An entity registered at all times during the tax year under the Investment Company Act of 1940
- 10—A common trust fund operated by a bank under section 584(a)
- 11—A financial institution
- 12—A middleman known in the investment community as a nominee or custodian
- 13—A trust exempt from tax under section 664 or described in section 4947

The following chart shows types of payments that may be exempt from backup withholding. The chart applies to the exempt payees listed above, 1 through 13.

IF the payment is for . . .	THEN the payment is exempt for . . .
Interest and dividend payments	All exempt payees except for 7
Broker transactions	Exempt payees 1 through 4 and 6 through 11 and all C corporations. S corporations must not enter an exempt payee code because they are exempt only for sales of noncovered securities acquired prior to 2012.
Barter exchange transactions and patronage dividends	Exempt payees 1 through 4
Payments over \$600 required to be reported and direct sales over \$5,000 <sup>1</sup>	Generally, exempt payees 1 through 5 <sup>2</sup>
Payments made in settlement of payment card or third party network transactions	Exempt payees 1 through 4

<sup>1</sup> See Form 1099-MISC, Miscellaneous Income, and its instructions.

<sup>2</sup> However, the following payments made to a corporation and reportable on Form 1099-MISC are not exempt from backup withholding: medical and health care payments, attorneys' fees, gross proceeds paid to an attorney reportable under section 6045(f), and payments for services paid by a federal executive agency.

**Exemption from FATCA reporting code.** The following codes identify payees that are exempt from reporting under FATCA. These codes apply to persons submitting this form for accounts maintained outside of the United States by certain foreign financial institutions. Therefore, if you are only submitting this form for an account you hold in the United States, you may leave this field blank. Consult with the person requesting this form if you are uncertain if the financial institution is subject to these requirements. A requester may indicate that a code is not required by providing you with a Form W-9 with "Not Applicable" (or any similar indication) written or printed on the line for a FATCA exemption code.

A—An organization exempt from tax under section 501(a) or any individual retirement plan as defined in section 7701(a)(37)

B—The United States or any of its agencies or instrumentalities

C—A state, the District of Columbia, a U.S. commonwealth or possession, or any of their political subdivisions or instrumentalities

D—A corporation the stock of which is regularly traded on one or more established securities markets, as described in Regulations section 1.1472-1(c)(1)(i)

E—A corporation that is a member of the same expanded affiliated group as a corporation described in Regulations section 1.1472-1(c)(1)(i)

F—A dealer in securities, commodities, or derivative financial instruments (including notional principal contracts, futures, forwards, and options) that is registered as such under the laws of the United States or any state

G—A real estate investment trust

H—A regulated investment company as defined in section 851 or an entity registered at all times during the tax year under the Investment Company Act of 1940

I—A common trust fund as defined in section 584(a)

J—A bank as defined in section 581

K—A broker

L—A trust exempt from tax under section 664 or described in section 4947(a)(1)

M—A tax exempt trust under a section 403(b) plan or section 457(g) plan

**Note.** You may wish to consult with the financial institution requesting this form to determine whether the FATCA code and/or exempt payee code should be completed.

**Line 5**

Enter your address (number, street, and apartment or suite number). This is where the requester of this Form W-9 will mail your information returns.

**Line 6**

Enter your city, state, and ZIP code.

**Part I. Taxpayer Identification Number (TIN)**

**Enter your TIN in the appropriate box.** If you are a resident alien and you do not have and are not eligible to get an SSN, your TIN is your IRS individual taxpayer identification number (ITIN). Enter it in the social security number box. If you do not have an ITIN, see *How to get a TIN* below.

If you are a sole proprietor and you have an EIN, you may enter either your SSN or EIN. However, the IRS prefers that you use your SSN.

If you are a single-member LLC that is disregarded as an entity separate from its owner (see *Limited Liability Company (LLC)* on this page), enter the owner's SSN (or EIN, if the owner has one). Do not enter the disregarded entity's EIN. If the LLC is classified as a corporation or partnership, enter the entity's EIN.

**Note.** See the chart on page 4 for further clarification of name and TIN combinations.

**How to get a TIN.** If you do not have a TIN, apply for one immediately. To apply for an SSN, get Form SS-5, Application for a Social Security Card, from your local SSA office or get this form online at [www.ssa.gov](http://www.ssa.gov). You may also get this form by calling 1-800-772-1213. Use Form W-7, Application for IRS Individual Taxpayer Identification Number, to apply for an ITIN, or Form SS-4, Application for Employer Identification Number, to apply for an EIN. You can apply for an EIN online by accessing the IRS website at [www.irs.gov/businesses](http://www.irs.gov/businesses) and clicking on Employer Identification Number (EIN) under Starting a Business. You can get Forms W-7 and SS-4 from the IRS by visiting [IRS.gov](http://IRS.gov) or by calling 1-800-TAX-FORM (1-800-829-3676).

If you are asked to complete Form W-9 but do not have a TIN, apply for a TIN and write "Applied For" in the space for the TIN, sign and date the form, and give it to the requester. For interest and dividend payments, and certain payments made with respect to readily tradable instruments, generally you will have 60 days to get a TIN and give it to the requester before you are subject to backup withholding on payments. The 60-day rule does not apply to other types of payments. You will be subject to backup withholding on all such payments until you provide your TIN to the requester.

**Note.** Entering "Applied For" means that you have already applied for a TIN or that you intend to apply for one soon.

**Caution:** A disregarded U.S. entity that has a foreign owner must use the appropriate Form W-8.

**Part II. Certification**

To establish to the withholding agent that you are a U.S. person, or resident alien, sign Form W-9. You may be requested to sign by the withholding agent even if items 1, 4, or 5 below indicate otherwise.

For a joint account, only the person whose TIN is shown in Part I should sign (when required). In the case of a disregarded entity, the person identified on line 1 must sign. Exempt payees, see *Exempt payee code* earlier.

**Signature requirements.** Complete the certification as indicated in items 1 through 5 below.

1. **Interest, dividend, and barter exchange accounts opened before 1984 and broker accounts considered active during 1983.** You must give your correct TIN, but you do not have to sign the certification.
2. **Interest, dividend, broker, and barter exchange accounts opened after 1983 and broker accounts considered inactive during 1983.** You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.
3. **Real estate transactions.** You must sign the certification. You may cross out item 2 of the certification.
4. **Other payments.** You must give your correct TIN, but you do not have to sign the certification unless you have been notified that you have previously given an incorrect TIN. "Other payments" include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services (including payments to corporations), payments to a nonemployee for services, payments made in settlement of payment card and third party network transactions, payments to certain fishing boat crew members and fishermen, and gross proceeds paid to attorneys (including payments to corporations).
5. **Mortgage interest paid by you, acquisition or abandonment of secured property, cancellation of debt, qualified tuition program payments (under section 529), IRA, Coverdell ESA, Archer MSA or HSA contributions or distributions, and pension distributions.** You must give your correct TIN, but you do not have to sign the certification.

**What Name and Number To Give the Requester**

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account <sup>1</sup>
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor <sup>2</sup>
4. a. The usual revocable savings trust (grantor is also trustee) b. So-called trust account that is not a legal or valid trust under state law	The grantor-trustee <sup>1</sup> The actual owner <sup>1</sup>
5. Sole proprietorship or disregarded entity owned by an individual	The owner <sup>3</sup>
6. Grantor trust filing under Optional Form 1099 Filing Method 1 (see Regulations section 1.671-4(b)(2)(i)(A))	The grantor <sup>4</sup>
For this type of account:	Give name and EIN of:
7. Disregarded entity not owned by an individual	The owner
8. A valid trust, estate, or pension trust	Legal entity <sup>4</sup>
9. Corporation or LLC electing corporate status on Form 8832 or Form 2553	The corporation
10. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
11. Partnership or multi-member LLC	The partnership
12. A broker or registered nominee	The broker or nominee
13. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity
14. Grantor trust filing under the Form 1041 Filing Method or the Optional Form 1099 Filing Method 2 (see Regulations section 1.671-4(b)(2)(i)(B))	The trust

<sup>1</sup> List first and circle the name of the person whose number you furnish. If only one person on a joint account has an SSN, that person's number must be furnished.

<sup>2</sup> Circle the minor's name and furnish the minor's SSN.

<sup>3</sup> You must show your individual name and you may also enter your business or DBA name on the "Business name/disregarded entity" name line. You may use either your SSN or EIN (if you have one), but the IRS encourages you to use your SSN.

<sup>4</sup> List first and circle the name of the trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.) Also see *Special rules for partnerships* on page 2.

\*Note. Grantor also must provide a Form W-9 to trustee of trust.

**Note.** If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

**Secure Your Tax Records from Identity Theft**

Identity theft occurs when someone uses your personal information such as your name, SSN, or other identifying information, without your permission, to commit fraud or other crimes. An identity thief may use your SSN to get a job or may file a tax return using your SSN to receive a refund.

To reduce your risk:

- Protect your SSN,
- Ensure your employer is protecting your SSN, and
- Be careful when choosing a tax preparer.

If your tax records are affected by identity theft and you receive a notice from the IRS, respond right away to the name and phone number printed on the IRS notice or letter.

If your tax records are not currently affected by identity theft but you think you are at risk due to a lost or stolen purse or wallet, questionable credit card activity or credit report, contact the IRS Identity Theft Hotline at 1-800-908-4490 or submit Form 14039.

For more information, see Publication 4535, Identity Theft Prevention and Victim Assistance.

Victims of identity theft who are experiencing economic harm or a system problem, or are seeking help in resolving tax problems that have not been resolved through normal channels, may be eligible for Taxpayer Advocate Service (TAS) assistance. You can reach TAS by calling the TAS toll-free case intake line at 1-877-777-4778 or TTY/TDD 1-800-829-4059.

**Protect yourself from suspicious emails or phishing schemes.** Phishing is the creation and use of email and websites designed to mimic legitimate business emails and websites. The most common act is sending an email to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft.

The IRS does not initiate contacts with taxpayers via emails. Also, the IRS does not request personal detailed information through email or ask taxpayers for the PIN numbers, passwords, or similar secret access information for their credit card, bank, or other financial accounts.

If you receive an unsolicited email claiming to be from the IRS, forward this message to [phishing@irs.gov](mailto:phishing@irs.gov). You may also report misuse of the IRS name, logo, or other IRS property to the Treasury Inspector General for Tax Administration (TIGTA) at 1-800-366-4484. You can forward suspicious emails to the Federal Trade Commission at: [spam@uce.gov](mailto:spam@uce.gov) or contact them at [www.ftc.gov/idtheft](http://www.ftc.gov/idtheft) or 1-877-IDTHEFT (1-877-438-4338).

Visit [IRS.gov](http://IRS.gov) to learn more about identity theft and how to reduce your risk.

**Privacy Act Notice**

Section 6109 of the Internal Revenue Code requires you to provide your correct TIN to persons (including federal agencies) who are required to file information returns with the IRS to report interest, dividends, or certain other income paid to you; mortgage interest you paid; the acquisition or abandonment of secured property; the cancellation of debt; or contributions you made to an IRA, Archer MSA, or HSA. The person collecting this form uses the information on the form to file information returns with the IRS, reporting the above information. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, the District of Columbia, and U.S. commonwealths and possessions for use in administering their laws. The information also may be disclosed to other countries under a treaty, to federal and state agencies to enforce civil and criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism. You must provide your TIN whether or not you are required to file a tax return. Under section 3406, payers must generally withhold a percentage of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to the payer. Certain penalties may also apply for providing false or fraudulent information.

## MASTER AGREEMENT FOR CASH MANAGEMENT AND TRANSACTION SERVICES

This MASTER AGREEMENT FOR CASH MANAGEMENT AND TRANSACTION SERVICES ("Agreement") is made as of the 27 day of July 2022, by and between CoBank, ACB ("CoBank") and Burney Water District ("Customer")

### RECITALS

WHEREAS CoBank offers Cash Management Services to its customers upon the terms and conditions hereinafter provided; and

WHEREAS, Customer desires to obtain from CoBank and CoBank desires to provide to Customer one or more of the Cash Management Services selected by Customer. In addition to terms defined throughout this Agreement, capitalized terms shall have the respective meanings indicated on Exhibit A attached hereto; and

WHEREAS, if Customer desires to obtain any Electronic Banking Services, the terms, conditions, covenants and agreements with respect thereto will be more particularly described in a "Credit Manager Addendum", or "Credit Manager Plus Addendum" which document, respectively, is attached hereto and made a part hereof.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, CoBank and Customer, intending to be legally bound, do hereby agree as follows:

1. **THE SERVICES.** All Services are provided subject to the terms of the applicable Service Schedule, this Agreement, and any addenda, if applicable. Customer, through its Authorized User(s), may use the Services solely in accordance with the terms and conditions of this Agreement, and addenda hereto, and the related Service Schedules. CoBank may make changes to this Agreement and any Service Schedule(s) at any time by providing notice to Customer in accordance with the terms of this Agreement or, if the Service Schedule provides for an alternative form and method for making changes, then in accordance with the Service Schedule. Notwithstanding anything to the contrary herein, any Service Schedule, that provides for an alternative form and method for making changes to such Service Schedule and for providing notice of the same, shall govern for that Service. Further, notwithstanding anything to the contrary in this Agreement, addendum, or in any Service Schedule, if CoBank believes immediate action is required for the security of CoBank or Customer, then CoBank may immediately initiate changes to any procedures and provide prompt subsequent notice thereof to Customer. Customer's continued use of Service(s) after notice of any such change shall be deemed to be acceptance by Customer. Neither this Agreement nor the provision of any Service, nor the terms of any Service Documentation shall be construed to obligate CoBank to pay any amount in excess of Customer's available funds in any applicable Account, lend money or otherwise advance funds to or on behalf of Customer unless expressly set forth in a written agreement between Customer and CoBank.
2. **COVENANTS, REPRESENTATIONS, AND WARRANTIES OF CUSTOMER.**
  - 2.1 Customer represents and warrants that the individual(s) executing this Agreement and any addenda, related agreements and authorizations has/have been authorized by all necessary Customer action to execute this Agreement and to issue such instructions and provide such authorizations as may be necessary to carry out the purposes and intent of this Agreement and to enable Customer to receive each selected Service. In connection with the Services, Customer shall comply with all Compliance Laws. Customer shall indemnify and hold CoBank harmless for any and all fines and assessments imposed on CoBank as a result of any alleged violations of applicable laws, regulations, rules and orders of any agency or governing authority.
  - 2.2 Customer represents and warrants that Customer shall not use the Services (i) to engage in money laundering, any illicit or illegal purpose or activity, or to violate any applicable law, rule or regulation; (ii) to engage in any internet or online gambling transactions whether legal or not in a particular jurisdiction; (iii) to engage in any activity that would result in Customer being or becoming a "money services business" as defined in in US Code of Federal Regulations Title 31, Chapter X, Part 1010.100, or any successor rule thereto; or (iv) to engage in any transaction or activity that is impermissible or prohibited under the terms of this Agreement.
  - 2.3 **Customer shall use the Services only for its own lawful business, commercial or agricultural purposes and not for personal, family or household purposes. Customer shall not use the Services for or on behalf of any third party, unless such third party is a Linked Affiliate.** Customer shall take all reasonable measures and exercise reasonable precautions to ensure that Customer's officers, employees, Authorized Representatives and Authorized Users only use the Services for the purposes contemplated by this Agreement.
  - 2.4 In connection with performance of the Services and as a condition precedent to CoBank's obligations hereunder Customer agrees that CoBank at all times (including following commencement of any bankruptcy or insolvency proceedings by or against Customer) shall be entitled to reimbursement from Customer for amounts due CoBank in respect of: (i) its fees and expenses owing pursuant to this Agreement and the Service Documentation, (ii) other indebtedness owing to CoBank pursuant to the

Service Documentation (including, but not limited to, the total amount of all transactions, fees, fines, and other charges incurred and owing as a result of Customer's use of commercial cards issued through a Service Provider), (iii) out-of-pocket fees and expenses (including reasonable attorneys' fees) incurred by CoBank as provided in this Agreement and the Service Documentation, and (iv) the face amount of any transactions that have been credited to Account(s), but are subsequently returned, for any reason.

- 2.5 Customer shall immediately notify CoBank of any of the following: (i) commencement of bankruptcy or insolvency proceedings by or against Customer, (ii) if Customer is or becomes a party to any consolidation, reorganization, or merger, (iii) if any of Customer's representations and warranties contained in this Agreement becomes false or misleading in any material respect, and (iv) Customer becoming aware of any prohibited transactions or fraud or suspected fraud, of any kind, on an Account.
3. **FEES AND OTHER CHARGES.** Customer shall compensate CoBank for all Services that CoBank provides in accordance with any agreement between CoBank and Customer. CoBank reserves the right to change fees and other charges from time to time upon reasonable notice to Customer. In addition, Customer shall also pay all sales, use or other taxes that may be applicable to the Services and any third-party expenses incurred on behalf of Customer. This Section 3 shall survive termination of this Agreement.
4. **SECURITY PROCEDURES.**
- 4.1 Customer shall comply with the Security Procedures as set forth in Exhibit B annexed hereto and agreed upon as to each Service including, without limitation, any Authentication Devices, means, or method of authentication or identification used in connection with a Security Procedure. Customer agrees and acknowledges that the initiation of transfers, payments and transactions using applicable Security Procedures as to each Service constitutes sufficient authorization for CoBank to execute such transfers, payments, and transactions and Customer shall be bound by any and all instructions issued through the use of the Security Procedures, whether authorized or unauthorized. Customer acknowledges and agrees that the Security Procedures are not designed to detect error in the transmission or content of communications or instructions as it relates to each Service and that Customer bears the sole responsibility for detecting and preventing such errors. **Customer shall keep all Security Procedures protected, secure, and strictly confidential and shall provide or make available the Security Procedures only to Authorized User(s) and shall ensure proper implementation and use of Security Procedures by Authorized User(s) and shall instruct them not to disclose or provide any Security Procedures to any unauthorized person.**
- 4.2 CoBank shall be entitled to rely on any notice or other writing believed by it in good faith to be genuine and correct and to have been signed by the individual purporting to have signed such notice or other writing. Customer shall be responsible for all transfers, payments, and transactions that are made by any Authorized User or which are made using any Authentication Device of Customer under the Services. **Customer assumes the entire risk for the fraudulent, unauthorized or otherwise improper use of the Service by all Authorized Users and by all other persons using any Authentication Device.** Authentication Devices and Security Procedures issued by CoBank for the Services contemplated by this Agreement shall be and remain property of CoBank. The preceding sentence shall survive termination of this Agreement.
5. **COBANK'S RESPONSIBILITIES.**
- 5.1 With respect to incoming ACH credit Entries (as those terms are defined in the NACHA Rules) and incoming wire funds transfers for credit to Account(s), CoBank may, but is not required to, accept incoming ACH entries and incoming wire funds transfer. If CoBank accepts an incoming ACH credit Entry or incoming wire funds transfer, any credit by CoBank for any transaction is provisional until final settlement is received. If final settlement is not received, then CoBank and/or other sending banks will be entitled to an offsetting debit/reverse credit. If a credit is made to Customer's Account(s) for an incoming ACH credit Entry or incoming wire funds transfer and the Customer makes an inquiry to determine that the credit has been made, such inquiry does not constitute notice of acceptance of the incoming ACH credit Entry or incoming wire funds transfer. If CoBank gives notice on one or more occasions, such notice shall not impose a duty on CoBank to provide notice in the future. If CoBank erroneously credits Customer's Account(s), then CoBank shall reverse such erroneous credit.
- 5.2 If CoBank elects to accept incoming ACH debit Entries (as those terms are defined in the NACHA Rules) received from other financial institutions for debit to Account(s), then CoBank may charge Customer's Account(s) in its sole discretion. Customer understands ACH debit Entries received by CoBank are subject to the terms and conditions associated with Customer's Account(s) and this Agreement, are honored solely at the discretion of CoBank, and CoBank may charge such items to Account(s) and in any order or sequence selected by CoBank.
- 5.3 CoBank shall use commercially reasonable efforts to transmit financial data under its control required to utilize the Services selected by Customer and for CoBank and/or Service Provider(s) to act on instructions received from Customer in connection with the Services in accordance with this Agreement. Customer recognizes that commercially reasonable efforts does not mean error free.
- 5.4 CoBank reserves the right to modify, amend, supplement, or cancel any or all Security Procedures, and/or cancel or replace any Authentication Device at any time in its sole discretion. CoBank shall endeavor to give Customer reasonable notice of any change; however, CoBank may make a change in a particular Security Procedure without advance notice to Customer, if in its judgment and discretion, it believes such change is necessary or desirable to protect the assets of CoBank or Customer. Customer's use of any changed Security Procedure after any such change shall constitute Customer's agreement to the change and Customer's agreement that the applicable Security Procedure, as changed, is commercially reasonable and adequate for the purposes intended.

5.5 CoBank may reject or refuse to accept, process or act upon (or may delay accepting, processing, transmitting, executing or acting upon) any instruction that CoBank in good faith believes for any reason to be (i) unauthorized, incomplete, ambiguous, erroneous or redundant; (ii) not in accordance with the Security Procedures; (iii) otherwise not in accordance with the provisions of this Agreement, the applicable Service Schedule, the applicable Service Documentation, or any other agreement governing Customer' relationship with CoBank; (iv) in violation of any then applicable statute, rule, regulation, order or government policy, whether or not applicable to CoBank or the Account(s); or (v) in excess of Customer's available funds for the applicable Account(s). For these purposes, funds are not considered to be available if such funds are (or CoBank reasonably believes such funds may be) subject to a hold, dispute, encumbrance or legal process preventing their immediate availability or if CoBank otherwise believes that a transfer of such funds would not be final and irrevocable. Notwithstanding the foregoing, CoBank will have no obligation hereunder to detect any unauthorized, erroneous or otherwise impermissible instruction.

## 6. CUSTOMER OBLIGATIONS IN UTILIZATION OF THE SERVICES.

6.1 Customer acknowledges that financial information provided by CoBank in connection with the Services may not be accurate on occasion, due to the timing and posting of debits, credits, adjustments and/or fees which may or may not be reflected in Customer's Account balances accessible through the Services. Therefore, the accuracy, completeness, timeliness or correct sequences of account information is not guaranteed by CoBank.

6.2 Customer shall be responsible for the accuracy and completeness of all data and instructions given by Customer using Authentication Devices.

6.3 Customer shall immediately notify CoBank, in accordance with notification procedures prescribed by CoBank, if Customer becomes aware of any of the following and fully assumes any risks for its failure to do so:

- (a) any loss or theft of Authentication Devices, signature stamps, and signature plates;
- (b) any unauthorized use of Customer's Authentication Devices, signature stamps, signature plates and/or of the Services;
- (c) any failure by CoBank to act on appropriate instructions received from Customer in connection with the Services;
- (d) any receipt and/or confirmation of instructions or requests which Customer did not place, or any similarly inaccurate or conflicting report or information received; or
- (e) any change or deletion of any of Customer's Authorized User(s) or authorized uses of the Services.

6.4 Customer shall not use the Services (i) to engage in money laundering, any illicit or illegal purpose or activity, or to violate any applicable law, rule or regulation; (ii) to engage in any internet or online gambling transactions whether legal or not in a particular jurisdiction; (iii) to engage in any activity that would result in Customer being or becoming a "money service business" as defined in in US Code of Federal Regulations Title 31, Part 1010.100; or (iv) to engage in any transaction or activity that is impermissible or prohibited under the terms of this Agreement. Customer acknowledges that CoBank may monitor Customer's use of the Services for impermissible or prohibited activity under this Agreement and CoBank may decline to execute any transaction or activity that CoBank believes violates the terms of this Agreement or any of the Compliance Laws, whether or not applicable to CoBank.

## 7. ACKNOWLEDGEMENT OF SERVICE SCHEDULES; REVIEW AND APPROVAL; PROPRIETARY INFORMATION.

7.1 Upon selection of a Service, Customer expressly acknowledges that it has read, entered into, and accepted the terms and conditions set forth in the applicable Service Schedule, addendum, or other applicable document. Customer's signature on the Selection of Cash Management Services Addendum (incorporated on the signature page hereto) shall have the same force and effect as if said signature had been originally subscribed directly onto the applicable Service Schedule, addendum, or other applicable document.

7.2 Customer expressly acknowledges that access to the Services is subject to CoBank's and/or Service Provider(s)' review and approval of an anti-money laundering and anti-terrorist financing review which review(s) may be performed prior to granting Customer access to the Services and at any time thereafter. Such review(s) may involve CoBank and/or Service Provider(s) requesting updated information concerning the details of direct or beneficial ownership or management of Customer. Customer shall comply with any and all requests of CoBank and/or Service Provider(s) and provide all necessary information and/or documentation to enable CoBank and/or Service Provider to perform said review(s). In connection with its review, CoBank and/or Service Provider(s) may, in their sole discretion, deny or suspend Customer's use and/or access to the Services. Customer authorizes CoBank and/or Service Provider(s) to maintain records and/or databases related to anti-money laundering and anti-terrorist financing due diligence, whether or not required by law, and further authorizes CoBank to make said records and/or databases available to Service Provider(s).

8. **CUSTOMER'S DUTY TO MONITOR ACCOUNTS AND TRANSACTION ACTIVITY.** Customer shall be responsible for reviewing, verifying, and monitoring Accounts and all transactions in connection with the Services and for notifying CoBank of any errors, discrepancies, or other problems as promptly as possible but in any event within thirty (30) calendar days (or such longer or shorter period as may be required by applicable laws, rules, and regulations) after CoBank has made available to Customer any report, statement, material, or other account-related information containing or reflecting the error, discrepancy, or other problem, including, but not limited to, a Loan Account, InvestLine Account, Invesco Account or any other Customer account statement, report, or other Account access. In the event Customer fails to report such error, discrepancy, or problem within thirty (30) calendar days after CoBank and/or Service Provider transmitted or otherwise made available such report, statement, or other Account access the transaction shall be deemed to have been properly authorized and executed. Customer agrees that its sole remedy in the event of an error in implementing any selection with the Services shall be to have CoBank correct the error within a reasonable period of

time after discovering or receiving notice of the error from Customer. It is expressly agreed that any claims by Customer against CoBank with respect to this Agreement shall be made within twelve (12) months of such event giving rise to a claim. If Customer fails to make a claim pertaining to this Agreement against CoBank within such twelve (12) month time period, Customer shall be deemed to have forever waived the claim. If, however, applicable law does not allow such twelve (12) month limit, then claims must be brought within the shortest applicable time period allowed under that law.

## **9. TERM AND TERMINATION.**

- 9.1** This Agreement shall be effective when (i) signed by an Authorized Representative of Customer and accepted by CoBank, and (ii) Customer delivers to CoBank documents, and information required by CoBank as a condition precedent to providing specific Services. CoBank may terminate this Agreement, the Services, and any Service Schedule at any time. Customer may terminate this Agreement and any Service Schedule upon at least ten (10) calendar days' prior written notice to CoBank.
- 9.2** Notwithstanding the foregoing, CoBank may, without prior notice, terminate this Agreement and terminate or suspend any Service(s) provided to Customer if CoBank determines that Customer has failed to maintain a financial condition deemed reasonably satisfactory to CoBank to minimize any credit or other risks to CoBank in providing Services to Customer including, but not limited to, the commencement of a voluntary or involuntary proceeding under the United States Bankruptcy Code or other statute or regulation relating to bankruptcy or relief of debtors.
- 9.3** Upon termination of this Agreement or any Service Schedule, Customer shall, at its expense, return to CoBank all Authentication Devices and property belonging to CoBank and all proprietary material delivered to Customer in connection with the terminated Service(s). Termination of this Agreement terminates all Service Schedule(s); provided, however, the provisions of Service Schedule(s) which expressly or by their nature or intent are intended to survive termination shall so survive. In the event of any termination hereunder, all fees due CoBank under this Agreement as of the time of termination shall become immediately due and payable. Notwithstanding any termination, this Agreement shall remain in full force and effect with respect to all transactions initiated prior to such termination. Section 9.3 shall survive termination of this Agreement.

## **10. LIMITATION OF LIABILITY; DAMAGES; DISCLAIMER OF WARRANTIES**

- 10.1** If for any reason CoBank is adjudged liable to Customer, the amount of damages recoverable by Customer for a single claim shall not exceed the LESSER of the ACTUAL DAMAGES of Customer OR the AVERAGE OF THE FEES AND OTHER CHARGES paid by Customer to CoBank during the TWELVE (12) MONTH PERIOD immediately prior to the occurrence which gives rise to the claim or such fewer number of preceding months as this Agreement has been in effect. Recoverable damages shall not include Customer's attorney fees, lost profits, consequential, special, indirect, exemplary, punitive, incidental or other similar damages, even if such damages were foreseeable or CoBank had been advised of the possibility of such damages regardless of the basis, theory or nature of the action upon which the claim is asserted. Nothing in this Agreement is intended to limit the amount of damages where the Uniform Commercial Code or applicable law does not permit the parties to limit the amount of damages in the manner set forth herein.
- 10.2** **CUSTOMER EXPRESSLY AGREES THAT USE OF THE SERVICES IS AT CUSTOMER'S SOLE RISK AND COBANK AND ITS AGENTS DO NOT MAKE, AND EXPRESSLY DISCLAIM ANY, WARRANTIES, EITHER EXPRESSED OR IMPLIED, WITH RESPECT TO THE SERVICES, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, OR THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE, WITHOUT BREACHES OF SECURITY OR WITHOUT DELAYS. IN THOSE STATES THAT DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY, THE LIABILITY OF COBANK AND AGENTS IS LIMITED TO THE FULLEST POSSIBLE EXTENT PERMITTED BY LAW. FURTHER, IN NO EVENT SHALL COBANK BE LIABLE FOR SPECIAL, CONSEQUENTIAL, PUNITIVE OR INDIRECT LOSSES OR DAMAGES.**
- 10.3** In the event of any damages for which CoBank may be liable pursuant to the Services provided under this Agreement or in the event that CoBank is entitled under the law governing mistake and restitution to recover from any beneficiary all or any part of a funds transfer made to such beneficiary hereunder, CoBank and Customer will undertake reasonable efforts to cooperate with each other, as permitted by applicable laws, rules and regulations, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party. Customer hereby consents to CoBank's disclosure to government authorities of information concerning the Customer and transactions under this Agreement that CoBank believes to be appropriate or necessary to fulfill legal recordkeeping and reporting requirements.
- 10.4** Additionally, CoBank shall not be responsible for liability, loss or damage to Customer or any third party, and Customer shall indemnify and hold harmless CoBank from, any such claims which may be caused by CoBank acting in accordance with, whether or not subject to, applicable laws, regulations, rules or policies (including, but not limited to, rules, regulations and policies of the various payment systems such as the NACHA Rules, the Uniform Commercial Code, OFAC regulations enforcing U.S. economic and trade sanctions, and all applicable laws, regulations and orders administered by the United States Department of the Treasury's Financial Crimes Enforcement Network or by CoBank's regulator, the Farm Credit Administration) or with the terms of any agreements between CoBank and other banks or financial institutions regarding the transaction of business with those banks and financial institutions.
- 10.5** This Section 10 shall survive termination of this Agreement.
- 11. INDEMNIFICATION.** Customer shall indemnify and hold harmless CoBank and its directors, officers, employees, parents, subsidiaries, and affiliates, from and against any and all losses, liabilities, penalties, damages, costs and expenses (including reasonable attorney's fees, administrative fees and court costs) that CoBank may incur or suffer or that may be asserted against CoBank by any person or entity arising out of (i) any failure by Customer or its officers, employees or agents to comply with its

obligations under this Agreement or the Service Documentation, (ii) any wrongful act of Customer, its officers, employees or agents or any affiliate or subsidiary of Customer in connection with any Service provided by CoBank to Customer or any affiliate or subsidiary of Customer, (iii) any action taken or omitted to be taken by CoBank in reliance upon information, data, or authorizations received from Customer or Authorized User or upon the authenticity or accuracy of any representation or warranty purporting to be from, or signature purporting to be of, Customer or Authorized Representative or Authorized User, (iv) any breach of any warranties, representations or agreements; (v) any legal action to which CoBank responds; (vi) Customer's failure to comply with Compliance Laws, whether or not applicable to CoBank; (vii) CoBank making a Disclosure in accordance with Section 21 hereof; (viii) CoBank's exercise of its rights and remedies pursuant to Section 9 above; or (ix) amounts to be reimbursed by Customer to CoBank pursuant to Section 2.4 above; provided, however, Customer's indemnification obligation to CoBank as provided in this Section 11 shall be reduced by those amounts that the Customer shall have paid to CoBank in connection with the Services and such reduced indemnification obligation of Customer shall be reinstated automatically and to the extent that any amount paid by the Customer to CoBank in connection with the Services shall be required to be disgorged by CoBank. Notwithstanding, CoBank shall have no right to be indemnified for losses resulting from its own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. The indemnifications made in this Section 11 are in addition to and not in place of any other indemnifications made by Customer in this Agreement, its Exhibits, or any other agreement between the parties. This Section 11 shall survive termination of this Agreement.

- 12. CUSTOMER'S FINANCIAL CONDITION.** Customer shall, upon request by CoBank from time to time, provide CoBank with such financial information and statements and such other documentation as CoBank reasonably determines to be necessary or appropriate showing Customer's financial condition, assets, liabilities, stockholder's equity, current income and surplus, and such other information regarding the financial condition and details of direct or beneficial ownership or management of Customer as CoBank may reasonably request to enable CoBank to evaluate its exposure or risk in providing the Services.
- 13. ASSIGNMENT.** This Agreement and the rights and obligations under this Agreement may not be assigned or delegated by Customer, voluntarily or involuntarily, by operation of law or otherwise, without the prior written consent of CoBank. Any assignment or delegation without such consent shall be null and void. Customer agrees that CoBank may assign or delegate this Agreement or any of its rights and obligations under this Agreement, without the consent of Customer.
- 14. AMENDMENTS.** CoBank may, at any time, amend this Agreement, the Services and Service Schedules in its sole discretion. Except as expressly provided otherwise in this Agreement, any such changes generally will be effective immediately upon notice to Customer as described below. Customer shall be deemed to accept any such changes if Customer accesses or uses any of the Services after the date on which the change becomes effective. Customer shall remain obligated under this Agreement and any Service Schedules, even if CoBank amends this Agreement or a Service Schedule.
- 15. WAIVER OF JURY TRIAL. BOTH COBANK AND CUSTOMER WAIVE ANY CLAIM OR RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY DISPUTE OR CLAIM ARISING UNDER OR IN RESPECT TO THIS AGREEMENT. THIS WAIVER APPLIES TO THE INTERPRETATION, BREACH OR ENFORCEMENT OF ANY PROVISION OF THIS AGREEMENT OR OTHERWISE AND WHETHER ARISING IN TORT OR CONTRACT. THE WAIVER OF A JURY TRIAL SET FORTH IN THIS SECTION 15 SHALL SURVIVE TERMINATION OF THIS AGREEMENT.**
- 16. GENERAL PROVISIONS.**
  - 16.1 Headings.** The headings in this Agreement and any Service Schedule are included for ease of reference only and shall not be deemed a part of or to create any rights, remedies, claims, or defenses under this Agreement.
  - 16.2 Severability.** If any provision of this Agreement and any Service Schedule shall be held or made illegal, invalid or unenforceable by a court decision, statute, rule or otherwise, the remaining provisions of this Agreement shall not be affected by such illegality, invalidity, or unenforceability and shall continue in full force and effect.
  - 16.3 Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same agreement.
  - 16.4 Entire Agreement.** This Agreement, together with Service Schedules, Exhibits, and addenda, constitutes the entire agreement and understanding between Customer and CoBank with respect to the subject matter hereof, and supersedes all prior and contemporaneous proposals, agreements, representations, and understandings, whether written or oral, with respect to the Services.
  - 16.5 Interpretation.** This Agreement and Service Schedules shall be construed and interpreted as one agreement. If there is any inconsistency between this Agreement and any Service Schedule then Service Schedule shall govern only to the extent it relates to the delivery of that particular Service and is necessary to resolve the conflict; however, in all other aspects this Agreement shall control. In the event of inconsistency between a provision of this Agreement and the Uniform Commercial Code, the provisions of this Agreement shall prevail.
  - 16.6 Waiver.** The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach by the other party. No waiver of any power, right, remedy or privilege of CoBank shall be effective unless such waiver is memorialized in a writing signed by CoBank.
  - 16.7 Successors.** This Agreement shall be binding upon and shall inure to the benefit of CoBank and Customer and their respective successors and permitted assigns.
  - 16.8 Beneficiaries.** Nothing contained in this Agreement is intended or shall be construed to confer upon any person or entity (other than Customer and CoBank) any rights, benefits, claims, or remedies of any kind or nature, and no such person or entity shall be deemed a third party beneficiary under or by reason of this Agreement.

- 16.9 Survival.** All provisions of this Agreement, which, by their very nature, are intended to survive termination of this Agreement whether identified specifically or not, shall be deemed to survive termination of this Agreement, for any reason.
- 16.10 Applicable Law; Venue.** This Agreement shall be construed in accordance with and governed by federal law and to the extent not preempted or inconsistent therewith, by the laws of the State of Colorado and applicable federal law, excluding its conflict of law principles. In the event of any conflict between the provisions of this Agreement and any applicable law or regulation, these provisions shall be deemed modified to the extent, and only to the extent, required to comply with such law or regulation. Customer irrevocably and unconditionally agrees and hereby submits to the exclusive personal jurisdiction and venue of the State courts and federal courts in Colorado, with respect to all matters relating to this Agreement, and Customer's access to or use of the Services.
- 16.11 Other Agreements.** Except as expressly set forth in this Agreement, this Agreement shall not enlarge, diminish, alter, or amend any other agreement in place between the parties.

## 17. NOTICES.

- 17.1** Except as otherwise expressly provided in this Agreement, all notices that are required or permitted to be given by Customer (including all documents incorporated herein by reference) shall be in writing, either (i) sent by first class mail, postage prepaid, or (ii) mailed via nationally recognized carrier for next day delivery (e.g. Federal Express, UPS, etc.) and addressed to CoBank at:

CoBank, ACB  
6340 S. Fiddlers Green Circle  
Greenwood Village, CO 80111  
Attn: Customer Service

or at such other address as CoBank shall designate for such purpose in a written notice to Customer. Notices delivered shall be deemed received on the date actually received by CoBank.

- 17.2** Customer authorizes CoBank to, and Customer agrees that CoBank may, send any notice or communication that CoBank is required or permitted to give to Customer under this Agreement, including but not limited to notice of any change to the Services, this Agreement, Service Schedule and any addenda and all as may be modified from time to time, to Customer's business mailing address or Customer's business email address as it appears on CoBank's records, and that any such notice or communication shall be effective and deemed delivered when provided to Customer in such a manner. Customer shall notify CoBank promptly of any change in Customer's business mailing or Customer's business email address and acknowledges and agrees that no such change shall be effective until CoBank has had a reasonable opportunity to act upon such notice.

- 18. FORCE MAJEURE.** Neither party shall bear responsibility for non-performance of this Agreement to the extent that such non-performance is caused by an event beyond that party's control, including, but not necessarily limited to, fire, casualty, breakdown in equipment or failure of telecommunications or data processing services, interruption of transmission or communication facilities, lockout, strike, unavoidable accident, act of God, riot, war or the enactment, issuance or operation of any adverse governmental law, ruling, regulation, order or decree, legal constraint, or an emergency that prevents CoBank or Customer from operating normally.
- 19. RECORDING AND USE OF COMMUNICATIONS.** Customer agrees that CoBank may, at its option, record electronically all telephonic instructions received by CoBank from Customer without further notification and may retain such recordings for any period of time selected by CoBank. Customer consents to the recording of such telephone conversations. The decision of whether to record a particular conversation is within CoBank's discretion, and CoBank has no liability for failure to record.
- 20. JOINT AND SEVERAL LIABILITY.** Principal Customer and all Linked Affiliates, if any, shall be bound by and are jointly and severally liable for the terms and conditions set forth in this Agreement, in the Linked Affiliates Addendum, the Service Schedules, and the Service Documentation, as may be amended by CoBank from time to time, and agree that each obligation of Customer under this Agreement, in the Linked Affiliates Addendum, the Service Schedules, and the Service Documentation, as amended, shall be performed by and be the responsibility of each and all of them.
- 21. COMPLIANCE.** Customer hereby agrees that CoBank shall not be liable to Customer or any third party, under any law or under this Agreement or the Service Documentation or any other contract or agreement for CoBank's Disclosure of any possible violation of law or regulation associated with use of the Account(s) to CoBank's regulator, the Farm Credit Administration, or any other U.S. government agency, or for any failure to provide notice of such Disclosure to Customer, or any other person identified in such Disclosure. This Section 21 shall survive termination of this Agreement.
- 22. E-SIGN CONSENT.** Customer acknowledges that Customer's use of the Services, and/or delivery of information in connection therewith, may constitute e-commerce. By signing below, Customer acknowledges its consent to electronically transact business with CoBank and such consent is being provided in accordance with the Electronic Signatures in Global and National Commerce Act, as the same may be amended from time to time. The parties agree this Agreement may be executed via electronic transmission and in any number of counterparts, all of which will constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts. The signature of any party on this Agreement by facsimile, PDF or other electronic means shall be considered an original signature, and the document transmitted is to be considered to have the same binding effect as an original signature on an original document. This Section 22 shall survive termination of this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement effective the day and year first above written.

**COBANK, ACB**

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Dated: \_\_\_\_\_

**CUSTOMER or in regard to  
Linked Affiliates "PRINCIPAL CUSTOMER":  
NAME: BURNEY WATER DISTRICT**

By: \_\_\_\_\_  
Signature of Authorized Representative

Name: \_\_\_\_\_  
Print Name of Authorized Representative

Title: President

CIF: 00143687

Dated: July 27, 2020

By: \_\_\_\_\_  
Signature of Authorized Representative

Name: \_\_\_\_\_  
Print Name of Authorized Representative

Title: Secretary

CIF: 00143687

Dated: July 27, 2020

**Internal Use Only:** Signature(s) verified by: \_\_\_\_\_ Initials: \_\_\_\_\_ Date: \_\_\_\_\_

**SELECTION OF CASH MANAGEMENT SERVICES ADDENDUM**

This Selection of Cash Management Services Addendum ("Addendum") is entered into as of the date set forth above, by and between CoBank and Customer identified in the Master Agreement for Cash Management and Transaction Services ("Agreement") as may be amended from time to time. Customer identified herein wishes to obtain from CoBank and CoBank desires to provide those Services selected by Customer. Once the Agreement is executed by an Authorized Representative of the Customer, Customer shall be subject to the terms and conditions contained in the Agreement, this Addendum and any of the selected Service Schedules. Customer acknowledges receipt of the Service Schedules selected below.

**SELECTION OF CASH MANAGEMENT SERVICES**

- Telephone Banking Services (Service Schedule 1.1)
- InvestLine Service (Service Schedule 2.1)
- Wire Transfer Origination Service (Service Schedule 3.1)
- Foreign Currency Wire Transfer Origination Service (Service Schedule 3.1A)
- Invesco Service (Service Schedule 4.1)

**Internal Use Only:** Signature(s) verified by: \_\_\_\_\_ Initials: \_\_\_\_\_ Date: \_\_\_\_\_

## Exhibit A

### Definitions

"Account(s)" means, in the singular, Loan Account, InvestLine Account, or Invesco Account as the context requires, and in the plural, Loan Account(s), InvestLine Account(s), and/or Invesco Account(s), as the context requires.

"Authenticate" means a permission granted by Customer to an Authorized User to approve or deny a Recurring Wire Transfer or Freeform Wire Transfer instructions.

"Authentication Devices" means collectively all security, identification and authentication mechanisms, including, without limitation, security codes, or tokens, PINs, signatures, encryption keys and/or individual passwords used in connection with the Security Procedures and associated with or necessary for Customer's access to and use of any Cash Management Services.

"Authorized Representative(s)" means the person(s) identified by appropriate board resolution, corporate by-law, or other corporate formation document in a form acceptable to CoBank in its sole discretion.

"Authorized User" means those individuals identified by an Authorized Representative through use of an executed Exhibit C attached hereto, as the same may be replaced and superseded from time to time by an Authorized Representative and accepted by CoBank in its sole discretion.

"Business Day" means any day other than (i) a Saturday, Sunday or Federal Holiday in the United States or (ii) a day upon which a Federal Reserve Bank is closed.

"Cash Management Services" means each of the services listed in the Selection of Cash Management Services Addendum provided to Customer along with this Agreement. Each such service offered by CoBank is described in a Service Schedule applicable to that Service.

"CoBank Internet System" means CoBank's Internet-based information delivery and transaction initiation system(s) as may be offered by CoBank (for example, CoLink® or other access platform). Authorized Users entering the CoBank Internet System will be required to accept any "terms of use" that appear when an Authorized User logs on.

"Compliance Laws" means (i) all applicable laws, regulations, rules, orders of any agency or governing authority; (ii) to the extent applicable, NACHA Rules; (iii) the Uniform Commercial Code; and (iv) OFAC regulations enforcing U.S. economic and trade sanctions.

"Customer" shall have the meaning ascribed in the introductory paragraph of this Agreement and expressly includes Customer's Linked Affiliates.

"Disclosure" means a disclosure, whether or not voluntary, pursuant to 31 United States Code Section 5314, as the same may be amended from time to time, or Chapter X of Title 31 of the Code of Federal Regulations, or any successor rules thereto, or any other authority, or a disclosure pursuant to Subpart B of Section 612 of Title 12 of the Code of Federal Regulations, or any successor rule thereto, or any other authority.

"Electronic Banking Services" means services that permit CoBank's customers to electronically access their accounts and conduct transactions permitted by CoBank, including certain Cash Management Services, by means of the CoBank Internet System.

"Freeform Wire Transfer(s)" means a Wire Transfer instruction that does not use predefined templates. When Customer initiates a Freeform Wire Transfer, Customer provides all pertinent information about the Wire Transfer request to CoBank at the time of such request.

"Initiate" means a permission granted by Customer to an Authorized User to create, modify and delete Wire Transfer templates and submit Freeform Wire Transfer requests.

"InvestLine Account(s)" means the account(s) maintained by Customer or on behalf of Customer and as more particularly described in Service Schedule 2.1. An InvestLine Account is not a deposit account as defined under the Uniform Commercial Code.

"Invesco Account(s)" means the account(s) maintained on behalf of Customer with Invesco Investment Services, Invesco Distributors, Inc., and/or Invesco Institutional Money Market Funds and identified in CoBank's documents for investment purposes. An Invesco Account is not a deposit account as defined under the Uniform Commercial Code.

"Linked Affiliate(s)" means an affiliate (e.g. parent, sibling, subsidiary entity), guarantor, or co-borrower of Customer that (i) receives deposits or issues payments using the Services, and (ii) has been disclosed to, and accepted by CoBank and Service Provider, and which acceptance is reflected in the Service Documentation.

"Loan Account(s)" means collectively, any and all (i) loan account(s) and (ii) credit facility(ies) or subfacility(ies), if any, maintained by or available to Customer and authorized for settlement of Customer's transactions in connection with the Services and any and all (iii) InvestLine Account(s) or Invesco Account(s) that constitute funds held account(s), prepayment account(s), future payment account(s), escrow account(s), debt reserve account(s), or cash collateral account(s).

"NACHA Rules" means the rules of the National Automated Clearing House Association (including any exhibits or appendices thereto and any other clearing house rules applicable to automated clearing house transactions), as amended from time to time.

"OFAC" means the U.S. Treasury's Office of Foreign Assets Control.

"Recurring Wire Transfer(s)" means an outgoing wire transfer initiated by Customer using a reusable saved template which templates include, but are not limited to, those documented using an executed Exhibit D. Templates are useful for establishing payment instructions that will be used multiple times with Authorized User(s) identifying the effective date, amount, and source of funds per Wire Transfer instruction.

"Security Procedure(s)" means the various security procedures specifically identified in Exhibit B and any addendum attached hereto and made a part hereof, as the same may be amended from time to time.

"Service Documentation" means the forms, rules, procedures, terms and conditions, and other documentation provided to Customer by CoBank relating to all services rendered pursuant to this Agreement and is used in the most comprehensive sense to include, without limitation, any Service Schedules, and ancillary documents related thereto, all as may be amended from time to time upon notice to Customer.

"Service Provider" means an independent third party with whom CoBank has contracted to provide or perform certain Services to CoBank's customers on behalf of CoBank.

"Service Schedules" means the agreements, procedures, documents, and schedules related to each individual Service, each as may be amended from time to time. Each such Service Schedule selected by Customer is incorporated herein by reference and made a part hereof.

"Services" means, collectively, the Telephone Banking Services, Cash Management Services, and if applicable, the Electronic Banking Services.

"Telephone Banking Services" means services that permit CoBank's customers to telephonically access their Account(s) and conduct transactions permitted by CoBank, including certain Cash Management Services.

"Uniform Commercial Code" means the Uniform Commercial Code, as adopted by the State of Colorado, as amended from time to time.

"Wire Transfer(s)" shall have the meaning ascribed in Service Schedule 3.1. Note: Each Wire Transfer will identify the originator as the name of the Customer.

## Exhibit B

### Security Procedures

1. The following are the Security Procedures referred to in the Agreement, as the same may be supplemented by either a "Credit Manager Addendum" or "Credit Manager Plus Addendum" attached hereto and made a part hereof.

a. Customer acknowledges that the Security Procedures are commercially reasonable in the context of the Customer's operation, requirements, and internal procedures. Upon implementation of the Services, Customer can access the Services, using the Services' Security Procedures as prescribed by CoBank from time to time. Customer acknowledges that the Authorized Representative(s) will, and Customer authorizes the Authorized Representative(s) to, select Authorized Users. Customer further acknowledges that the Authorized Representative(s) may, and Customer authorizes the Authorized Representative(s) to, change or deactivate the unique personal identification number ("PIN") and/or password of Authorized Users from time to time, in his or her sole discretion. CoBank may employ other Authentication Device(s) as it deems fit from time to time. Where Customer has the ability to change or modify an Authentication Device from time to time (e.g., a password or PIN), Customer agrees to change Authentication Device(s) frequently in order to ensure the security of the Authentication Device(s).

b. Customer accepts as its sole responsibility the selection, use, protection and maintenance of confidentiality of, and access to, the Authentication Device(s). Customer agrees to take reasonable precautions to safeguard the Authentication Device(s) and keep them confidential. Customer agrees not to reveal the Authentication Device(s) to any unauthorized person. Customer further agrees to notify CoBank immediately if Customer believes that the confidentiality of the Authentication Device(s) has been compromised in any manner. Customer also agrees to instruct each Authorized User(s) not to disclose or provide any Security Procedures or Authentication Devices to anyone who is not an Authorized User.

c. Customer acknowledges and agrees that CoBank is authorized to act on any and all communications or instructions received using the Authentication Device(s), regardless of whether the communications or instructions are authorized. CoBank owns the Authentication Device(s), and Customer may not transfer them to any other person or entity.

2. The following Security Procedures shall apply with respect to Customer's inquiries, transfers, payments, and transaction requests (and amendments or cancellations thereto) under the Agreement made telephonically, by fax, or in writing:

a. PIN. The Services require use of PINs. Upon implementation of each Authorized User, CoBank provides the individual a PIN that the Authorized User shall keep in a secure place. For control purposes, the respective Authorized User's PIN is to accompany inquiries and requests transmitted to CoBank via telephone. If the Authorized User's PIN does not accompany an inquiry or request then CoBank may reject the inquiry or request. CoBank may employ other Security Procedures as it deems fit from time to time.

b. Customer Callback. CoBank shall be entitled, in its sole discretion, to verify any inquiry, transfer, payment, or transaction request, as a condition to CoBank's execution of same, by way of return telephone call to an Authorized User or individual other than the Authorized User originating such instruction. If the "callback" cannot be successfully completed by CoBank by the applicable cut-off time on a Business Day, then the request may be suspended or cancelled by CoBank.

c. Dual Control. Customer further acknowledges and agrees that all Wire Transfers initiated through the Services must additionally incorporate "dual control" or separation of duties ("Dual Control"). CoBank requires that all Freeform Wire Transfer requests and requests to add Recurring Wire Transfer templates be approved by an Authorized User other than the Authorized User who initiated the transaction. This will occur by way of return telephone call to an Authorized User other than the Authorized User originating such instruction. If the second Authorized User (using his or her PIN) is unable to approve the Freeform Wire Transfer instruction or request to add a Recurring Wire Transfer template then CoBank may reject the request without liability to Customer. At all times, CoBank reserves the right to require Customer to provide an executed Exhibit D to add, modify, or delete a Recurring Wire Transfer template.

d. Facsimile and Written Requests. If CoBank elects to accept faxed or other written transaction requests, CoBank will treat them as telephone initiated requests, and CoBank may utilize additional security measures such as callback verification or certain written documentation.

3. The Authentication Devices identify and authenticate those persons Customer has identified, i.e. Authorized User(s), to CoBank when Customer accesses or uses the Services. Customer authorizes CoBank to rely on the Authentication Devices to identify an Authorized User when an Authorized User accesses or uses any of the Services, and as signature authorization for any use of the Services.

4. Customer acknowledges and agrees that the Authentication Devices and other Security Procedures applicable to Customer's use of the Services and such security best practices as described by CoBank from time to time to Customer and specifically as set forth in this "Exhibit B", including but not limited to the use of Dual Control in regard to Wire Transfers, any Security Procedures in the Agreement, and any Service Schedule are commercially reasonable methods of providing security for the purpose of verifying whether use of the Services was initiated by Customer and preventing unauthorized payment orders. Customer further acknowledges and agrees that the Authentication Devices are not intended, and that it is commercially reasonable that the Authentication Devices are not intended, to detect any errors relating to or arising out of a payment, transfer or any other use of the Services.

5. If Customer has reason to believe that any Authentication Device(s) have been lost, stolen, compromised, or used (or may be used without Customer's permission) or that other use of the Services has been or may be made with any Authentication Device(s) without Customer's permission, Customer must contact CoBank immediately in writing. In case of emergency, Customer should immediately notify CoBank at (800) 255-6190 and at [cash@cobank.com](mailto:cash@cobank.com) using "IMMEDIATE ACTION REQUIRED" in the subject line. This must be further confirmed in writing to CoBank. In no event shall CoBank be liable for any unauthorized inquiry, transfer, payment, or transaction that occurs with any Authentication Device(s) unless CoBank has been notified that the Authentication Device has been lost, stolen or used (or may be used without Customer's permission) or that other use of the Services has been or may be made with any Authentication Device(s) without Customer's permission provided CoBank has had a reasonable time to act upon such written notice subsequent to CoBank's receipt thereof. In the event of an emergency, Customer may give duplicate notice by faxing a copy of the notice to CoBank at (303) 740-4002. In the event of any actual or threatened breach of security, CoBank may issue Customer a new PIN or other Authentication Device or establish new Security Procedures as soon as reasonably practicable, but CoBank shall not be liable to Customer or any third party for any delay in taking such actions.

6. CoBank reserves the right to modify, amend, supplement, or cancel any or all Security Procedures, and/or to cancel or replace any Authentication Device, at any time and from time to time in CoBank's discretion. CoBank shall endeavor to give Customer reasonable notice of any change in Security Procedures; provided that CoBank may make any change in Security Procedures without advance notice to Customer if CoBank, in its judgment and discretion, believes such change to be necessary or desirable to protect its assets as well as to protect Customer. Customer's implementation and use of any changed Security Procedures after any change in Security Procedures shall constitute Customer's agreement to the change and Customer's agreement that the applicable Security Procedures, as changed, are commercially reasonable and adequate for the purposes intended.

## EXHIBIT C

### Designation of Authorized User(s)

**Note:** To add or delete Authorized Users, Customer must provide a new Exhibit C containing a complete list of all persons authorized to use the Telephone Banking Services. Upon acceptance and implementation of this form by CoBank, this Exhibit C will supersede all prior telephone banking permissions. When executed by Customer, this Schedule shall constitute a part of the Master Agreement for Cash Management and Transaction Services ("Agreement") in effect between CoBank and Customer. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement and Service Schedule 1.1.

Note: If Customer elects to deactivate a person's other authorizations, this form will only deactivate the individual's access to the Telephone Banking Services. If all authorizations are to be revoked, the following documents are also required: (i) a new resolution and/or incumbency certificate, with respect to changes to Authorized Representatives; and, only if applicable (ii) a CoLink® Permissions Form and (iii) a new authorization letter with respect to individuals authorized to initiate foreign currency funds transfers.

**LIST OF AUTHORIZED USER(S) FOR TELEPHONE BANKING SERVICES** (at a minimum, this list should include all employees listed on Customer's current incumbency certificate)

Name	Title	Phone Number (plus ext.)

(Signature Page to Follow)

Authorized Users listed on this Exhibit C (as the same may be replaced and superseded from time to time) shall be authorized to use the Telephone Banking Services, in accordance with applicable Security Procedures, with respect to all Accounts and without dollar/transaction limits. This Exhibit C must be signed on behalf of Customer by an Authorized Representative. **If more than five persons are to become and/or continue to be Authorized Users, then please photocopy this page and sign, date, and number each page containing additional Authorized Users. For your security, cross out all unused boxes before signing an individual page.** By signing below, I acknowledge my understanding of the foregoing.

CIF: 00143687

Customer Name: Burney Water District

City/State: Burney, California

By: \_\_\_\_\_  
(Signature of Authorized Representative)

Name: \_\_\_\_\_

Title: President

Date: July 27, 2020

By: \_\_\_\_\_  
(Signature of Authorized Representative)

Name: \_\_\_\_\_

Title: Secretary

Date: July 27, 2020

**Internal Use Only:** Signature(s) verified by:

Initials:

Date

**EXHIBIT D**

**Recurring Wire Transfer Templates**

Set forth below are details for Recurring Wire Transfer templates. This Exhibit D must be signed on behalf of Customer by an Authorized Representative. If Customer desires to add, delete, or modify additional templates, then please photocopy this page and sign, date, and number each page containing additional Recurring Wire Transfer templates. For your security, cross out all unused boxes before signing an individual page.

<input type="checkbox"/> ADD	<input type="checkbox"/> DELETE	<input type="checkbox"/> MODIFY	<b>If an Intermediary Bank will be used to route the wire to the Beneficiary's Bank, complete the following:</b>	
<b>Beneficiary's Bank Name</b>		<b>Intermed. Bank Name</b>		
<b>Bank's Location (City, State/Country)</b>		<b>Intermed. Bank's Location (City and State)</b>		
<b>Bank's ABA/Fed Routing No.</b>		<b>Intermed. Bank's ABA/Routing No.</b>		
<b>Beneficiary's Name</b>		<b>Identifying No. of Destination Bank</b>		
<b>Beneficiary's Account No.</b>		<b>Type of Identifying No. (check one)</b>	<input type="checkbox"/> Account no. at Intermed. Bk <input type="checkbox"/> SWIFT code <input type="checkbox"/> ABA/Fed routing no.	
<b>Beneficiary's Address</b>				
<b>Special Instructions:</b>				

\*\*\*\*\*

<input type="checkbox"/> ADD	<input type="checkbox"/> DELETE	<input type="checkbox"/> MODIFY	<b>If an Intermediary Bank will be used to route the wire to the Beneficiary's Bank, complete the following:</b>	
<b>Beneficiary's Bank Name</b>		<b>Intermed. Bank Name</b>		
<b>Bank's Location (City, State/Country)</b>		<b>Intermed. Bank's Location (City and State)</b>		
<b>Bank's ABA/Fed Routing No.</b>		<b>Intermed. Bank's ABA/Routing No.</b>		
<b>Beneficiary's Name</b>		<b>Identifying No. of Destination Bank</b>		
<b>Beneficiary's Account No.</b>		<b>Type of Identifying No. (check one)</b>	<input type="checkbox"/> Account no. at Intermed. Bk <input type="checkbox"/> SWIFT code <input type="checkbox"/> ABA/Fed routing no.	
<b>Beneficiary's Address</b>				
<b>Special Instructions:</b>				

\*\*\*\*\*

(Signature page to follow)

**EXHIBIT D**

**Signature Page**

CIF: 00143687

Customer Name: Burney Water District

City/State: Burney, California

By: \_\_\_\_\_  
(Signature of Authorized Representative)

Name: \_\_\_\_\_

Title: President

Date: July 27, 2020

By: \_\_\_\_\_  
(Signature of Authorized Representative)

Name: \_\_\_\_\_

Title: Secretary

Date: July 27, 2020

**Internal Use Only:** Signature(s) verified by: \_\_\_\_\_ Initials: \_\_\_\_\_ Date \_\_\_\_\_

**SERVICE SCHEDULE 1.1  
TELEPHONE BANKING SERVICES**

This Service Schedule is incorporated by reference into the parties' Master Agreement for Cash Management and Transaction Services ("Master Agreement") and governs Customer's use of telephone-based Cash Management Services (each, a "Service" and, collectively, the "Services"). All capitalized terms used herein without definition shall have the meanings given to them in the parties' Master Agreement. Except as otherwise expressly provided in this Service Schedule, to the extent that this Service Schedule is inconsistent with the provisions of the Master Agreement, this Service Schedule and any amendment hereto from time to time shall control, but only to the extent necessary to resolve such conflict.

**TERMS AND CONDITIONS**

1. **Services.** This Service Schedule describes the terms and conditions on which CoBank shall provide Customer with access to and use of the Services. By accessing the Services, in accordance with the Security Procedures, Authorized User(s) may perform inquiries, transfers, payments, transactions, and other activities described in this Service Schedule, which may include, in CoBank's sole and exclusive discretion, the following:

- a. **Information Reporting.** Information Reporting allows Authorized User(s) to obtain information concerning balances and transaction activity of Loan Account(s), and InvestLine Account(s) and, if applicable, Invesco Account(s).
- b. **Loan Maturity Reporting.** Loan Maturity Reporting enables Authorized User(s) to obtain information concerning maturity dates associated with Loan Account(s).
- c. **Investments.** Authorized User(s) may obtain information concerning interest rate quotes for new overnight and fixed-maturity date investments involving Customer's InvestLine Account(s) and, if applicable, Invesco Account(s). Authorized User(s) may invest funds in accordance with the terms and conditions of Service Schedule 2.1 to the Master Agreement.
- d. **Book Transfers.** Authorized User(s) may initiate intra-bank fund transfers between Customer's Loan Account(s) and/or InvestLine Account(s). The cut-off time for same Business Day processing is 4:00 p.m. MT.
- e. **Intra-CoBank Transfers.** Authorized User(s) may transfer funds to another CoBank customer using a book transfer. The cut-off time for same Business Day processing is 4:00 p.m. MT.
- f. **Fixed Rate Quotes and Locks.** If Authorized by CoBank, Authorized User(s) may obtain information concerning current fixed interest rate pricing quotes for Customer's existing loan(s) and authorize transactions to convert interest rates charged on variable rate loan balances to fixed interest rates in accordance with CoBank's quotes on such loan balance(s), in such increments, and in accordance with applicable agreements between the parties. All quotes are subject to change at any time and for any reason and are final only when the fixed interest rate conversion is processed. In the event a fixed rate interest conversion is processed

in error by CoBank, CoBank reserves the right to adjust the fix without the consent of the Customer. The current Business Day cutoff for fixed interest rate conversions having a duration less than 365 days is 4:00 p.m. Mountain Time. The current Business Day cutoff for fixed interest rate conversions having a duration equal to or greater than 365 days is 1:45 p.m. Mountain Time.

- g. **Posting Instructions for Incoming Wire Transfers.** Authorized User(s) may provide instructions to CoBank for processing an incoming wire transfer and designate to which Account(s) the proceeds should be posted.
- h. **Origination of Outgoing Wire Transfers.** Authorized User(s) may initiate and/or approve outgoing wire transfer instructions in accordance with the terms and conditions of Service Schedule 3.1 to the Master Agreement.

2. **Transaction Fees.** The following is a schedule of CoBank's standard fees associated with the Services:

Incoming wire transfer	\$8.00
Outgoing wire transfer (USD)	\$15.00

- 3. **Terminating this Service Schedule; Liability.**
  - a. This Service Schedule may be terminated in accordance with the terms and conditions of the Master Agreement.
  - b. The provisions of this Service Schedule relating to Customer's and CoBank's liability and the disclaimer of warranties set forth in the Master Agreement, and incorporated herein by reference, shall survive the termination of this Service Schedule.
- 4. **Changes to the Services and this Service Schedule.** CoBank may change any of the Services and this Service Schedule (including any amendments hereto) in accordance with the terms and conditions of the Master Agreement.
- 5. **Notices.** Notices, if any, required by this Service Schedule shall be provided in accordance with the terms and conditions of the Master Agreement. All authorizations for the Service shall continue until CoBank receives written notice that such authorization is revoked and CoBank has a reasonable opportunity to act on said notice.
- 6. **Effectiveness.** Customer agrees to all the terms and conditions of this Service Schedule. The liability of CoBank under this Service Schedule shall in all cases be subject to the provisions of the Master Agreement, including, without

limitation, any provisions thereof that exclude or limit warranties made by, damages payable by or remedies available from CoBank. This Service Schedule replaces and supersedes all prior agreements on file with respect to the Services and shall remain in full force and effect until termination or amendment.

### **SERVICE SCHEDULE 3.1**

#### **WIRE TRANSFER ORIGATION SERVICE**

This Service Schedule is incorporated by referenced into the parties' Master Agreement for Cash Management and Transaction Services ("**Master Agreement**") and governs Customer's use of the Wire Transfer Origination Service ("**Service**" or "**Services**") that CoBank provides to Customer. All capitalized terms used herein without definition shall have meanings given to them in the parties' Master Agreement. Except as otherwise expressly provided in this Service Schedule, to the extent that this Service Schedule is inconsistent with the provisions of the Master Agreement, this Service Schedule and any amendment hereto from time to time shall control, but only to the extent necessary to resolve such conflict.

#### **TERMS AND CONDITIONS**

**1. DEFINITIONS.** For the purposes of this Service Schedule only, the terms "Wire Transfer" shall mean a payment order, as that term is defined in Article 4A of the Uniform Commercial Code, as adopted by the State of Colorado, as amended from time to time. Customer acknowledges that in this Service Schedule the term "Wire Transfer" expressly excludes drawdown request(s). A "drawdown request" is an instruction from Customer to another financial institution to debit (a) an account at that institution and transfer the funds to CoBank or (b) the Customer's Account(s) at CoBank and transfer the funds to that institution.

#### **2. DESCRIPTION OF THE SERVICES.**

2.1 In connection with the Service, Customer may issue a Wire Transfer request telephonically, by facsimile, or in writing. Notwithstanding the foregoing, CoBank may, in its sole discretion, elect to reject Wire Transfer requests by facsimile transmission or by other written communication.

2.2 The Services described in this Service Schedule provide Customer with the capability to transfer funds from specific Account(s) to other accounts (the "Recipient Account(s)"). The Recipient Account(s) may be Customer account(s) or third-party account(s), may be with CoBank or with domestic or foreign third-party financial institutions. Customer may use the Services to initiate one-time wire transfers, or to create templates for wire transfers made on a recurring basis which involve the same Account and Recipient Account. All Wire Transfers must be initiated in accordance with the Security Procedures set forth in Exhibit B to the Master Agreement.

#### **3. AUTHORIZATION TO TRANSFER FUNDS.**

3.1 By submitting a Wire Transfer request Customer authorizes CoBank to honor, execute and charge to Customer's designated Account(s) any and all Wire Transfers issued by Customer or Authorized User(s). CoBank shall be entitled to rely in good faith on communications it receives as being given or sent by Authorized User and as being genuine and correct. CoBank shall not be liable to Customer for the consequences of such reliance.

3.2 COBANK IS AUTHORIZED TO ACT ON ANY AND ALL WIRE TRANSFER REQUESTS IN CONFORMITY WITH THE SECURITY PROCEDURES SET FORTH IN EXHIBIT B TO THE MASTER AGREEMENT. COBANK MAY IN ITS ABSOLUTE DISCRETION TAKE SUCH ADDITIONAL STEPS AND IMPLEMENT SUCH PROCEDURES AS IT MAY DEEM APPROPRIATE TO VERIFY THE AUTHENTICITY OF ANY WIRE TRANSFER. COBANK MAY DELAY THE EXECUTION OF ANY WIRE TRANSFER, AND IN NO EVENT SHALL COBANK BE LIABLE FOR ANY DELAY IF IT DOES SO.

3.3 Customer agrees to be legally bound by all provisions of this Service Schedule, the Master Agreement and any supporting Exhibits and attachments thereto as may be amended from time to time.

3.4 Wire transfer transactions are subject to all regulations governing electronic transactions, including but not limited to Article 4A of the Uniform Commercial Code.

#### **4. WIRE TRANSFER REQUESTS.**

4.1 CoBank shall use commercially reasonable efforts to execute all properly authorized Wire Transfer requests on the date received, provided these requests are received by CoBank within its established deadlines. CoBank shall use commercially reasonable efforts to execute Customer's Wire Transfer requests on the day Customer requests the Wire Transfer, provided that (i) day is a Business Day for CoBank, for the communications facility selected by CoBank, and for the receiving financial institution; (ii) it is in conformity with the Security Procedures outlined in Exhibit B to the Master Agreement and can be authenticated by CoBank; and (iii) complies with setup forms, cut-off times, and other requirements of CoBank.

4.2 Customer agrees that at the time of each Wire Transfer request, the Authorized User shall provide CoBank with such identifying information as required and requested.

4.3 CoBank shall be entitled to rely on any notice or other writing believed by it in good faith to be genuine and correct and to have been signed by the individual purporting to have signed such notice or other writing. Except when specifically instructed to the contrary, CoBank is authorized to use any means CoBank considers suitable for the transmission of funds. CoBank may refuse to honor a Wire Transfer request if the party to receive the transmission of funds is not a financial institution. CoBank may, but shall be under no obligation or required to, verify the existence or ownership of the accounts to which the funds are transferred. CoBank reserves the right to reject a wire transfer request that cannot be properly authenticated.

4.4 Each Wire Transfer must include the following information in addition to any information which CoBank may require for proper identification and security purposes: (i) account number from which the funds are to be withdrawn, (ii) amount to be transferred, (iii) name and ABA routing number of the payee's bank, and (iv) account name, address and account number of the payee. In the event a Wire Transfer request describes an account number for the payee that is in a name other than the designated payee, CoBank may execute the Wire Transfer to the account number so designated notwithstanding such inconsistency.

4.5 Templates created by Customer for Recurring Wire Transfers are the sole and exclusive responsibility of Customer.

Customer agrees to release and hold CoBank harmless from any loss or liability which Customer may incur after CoBank has executed a Recurring Wire Transfer, including without limitation, any loss due to Customer error in creating the Recurring Wire Transfer template.

4.6 In connection with its use of the Service, CoBank will comply with regulations issued by OFAC. It shall be the responsibility of Customer to obtain information regarding such OFAC regulations. (This information may be obtained directly from the OFAC Compliance Hotline at 800-540-OFAC or from OFAC's home page site at [www.ustreas.gov/ofac](http://www.ustreas.gov/ofac)). If any Wire Transfer is to a person or entity listed on OFAC's list of Specially Designated Nationals and Blocked Persons, by law CoBank will not complete the transfer and will "block" the funds until such time that OFAC issues a written release to CoBank.

4.7 Customer agrees not to use or attempt to use the Services (a) to engage in any illegal purpose or activity or to violate any applicable law, rule or regulation, (b) to breach any contract or agreement by which Customer is bound, or (c) to engage in any internet or online gambling transaction, whether or not gambling is legal in any applicable jurisdiction, (d) to engage in any activity or business that would result in Customer being or becoming a "money service business" as defined in Bank Secrecy Act and its implementing regulations, or (e) to engage in any transaction or activity that is not specifically authorized and permitted by the Master Agreement and this Service Schedule. Customer acknowledges and agrees that CoBank has no obligation to monitor Customer's use of the Service for transactions and activity that is impermissible or prohibited under the terms of the Master Agreement or the Service; provided, however, that CoBank reserves the right to decline to execute any transaction or activity that CoBank believes violates the terms of the Master Agreement or the Service.

## 5. SECURITY PROCEDURES.

5.1 The Customer shall comply with the "Security Procedures" set forth and incorporated by reference in this Service Schedule, in the Master Agreement, Exhibit B to Master Agreement and other documents provided by CoBank (collectively, "Security Procedures") (all as may be amended from time to time). Customer acknowledges and agrees that the Security Procedures constitute commercially reasonable security procedures under applicable law for the type, value and frequency of Wire Transfers that Customer will be requesting.

5.2 Specifically, Customer acknowledges that it has read and understands Exhibit B to the Master Agreement and particularly as to use of Dual Control as set forth therein.

5.3 Customer authorizes CoBank to follow any and all instructions entered and transactions initiated using applicable Security Procedures unless and until Customer has notified CoBank, according to notification procedures prescribed by CoBank, that the Security Procedures or any Authentication Device has been stolen, compromised, or otherwise become known to persons other than Authorized User(s) and until CoBank has had a reasonable opportunity to act upon such notice. Customer agrees that the initiation of a transaction using applicable Security Procedures constitutes sufficient authorization for CoBank to execute such transaction notwithstanding any particular signature requirements identified on any documents relating to Customer's Account(s), and Customer agrees and intends that the submission of instructions using the Security Procedures shall be considered the same as Customer's written signature in authorizing CoBank to execute such transaction and same as that of an Authorized User.

5.4 Customer acknowledges and agrees that Customer shall be bound by any and all instructions initiated through the use of such Security Procedures, whether authorized or unauthorized, and by any and all transactions and activity otherwise initiated by Authorized User(s), to the fullest extent allowed by law.

5.5 Customer further acknowledges and agrees that the Security Procedures are not designed to detect error in the transmission or content of communications or instructions initiated by Customer and that Customer bears the sole responsibility for detecting and preventing such error. CoBank shall likewise have no duty to discover and shall not be liable for duplicate Wire Transfers issued by Customer.

5.6 CoBank may, from time to time, propose additional or enhanced security procedures to Customer. Customer understands and agrees that if it declines to use any such enhanced procedures, it will be liable for any losses that would have been prevented by such procedures. Notwithstanding anything else contained in this Service Schedule, if CoBank believes immediate action is required for the security of CoBank, its or Customer funds, CoBank may initiate additional security procedures immediately and provide prompt subsequent notice thereof to Customer.

## 6. TIME OF EXECUTION.

6.1 CoBank will execute each authenticated Wire Transfer that is in conformity with all Security Procedures, cut-off times and other requirements set forth herein, on the Business Day received. CoBank may require additional authentication of any Wire Transfer request. CoBank reserves the right to reject a Wire Transfer request that cannot be properly authenticated. Cut-off times may be established and changed by CoBank from time to time. Wire Transfer requests received after such cut-off times may, in CoBank's sole discretion, be rejected or may be treated by CoBank for all purposes as having been received on the following Business Day.

6.2 CoBank may handle Wire Transfer(s) received from Customer in any order convenient to CoBank, regardless of the order in which they are received.

## 7. INTERNATIONAL WIRE TRANSFERS.

7.1 International Wire Transfers (non-U.S. receivers) of U.S. currency initiated and approved before CoBank's cut-off time for international wire transfers of U.S. currency on a Business Day will be processed within the industry standard delivery time. Customer acknowledges that foreign Wire Transfers (non-U.S. receivers) may be subject to delays based on time-zone issues; the remote location of the recipient bank; cultural differences with respect to holidays and times of observation, etc.; and incorrect or incomplete information being supplied by Customer.

7.2 CoBank shall send Customer's authorized and authenticated Wire Transfers to foreign banks through any bank which is a member of CoBank's correspondent network. Neither CoBank nor any of CoBank's correspondents shall be liable for any errors, delays or defaults in the transfer of any messages in connection with such a foreign Wire Transfer by any means of transmission. If the Wire Transfer is of currency other than that of the country to which it is being transferred, it shall be payable in the currency of the country of the recipient financial institution, unless the payee arranges otherwise.

7.3 CoBank makes no guarantee or representation as to the availability of funds at the foreign destination. CoBank makes no express or implied warranty as to the time or date the Wire Transfer will arrive at the receiving bank, the amount of any fees

to be charged by the receiving bank or the time or date the beneficiary will receive credit for funds. Customer acknowledges that intermediary institutions along the transmittal route for international Wire Transfers may deduct fees from the amount transferred, which are often referred to as "lifting fees." Second, Customer acknowledges that the recipient institution may also deduct fees from the recipient's account for converting funds into the local currency and depositing them into the recipient's account, which are often referred to as "recipient agent fees." Third, Customer acknowledges that a tax on the international Wire Transfer may be imposed by a government in the recipient's country, which may further reduce the amount received by the designated recipient of the Wire Transfer.

7.4 Customer understands and acknowledges that if the named beneficiary does not match the account at the receiving bank, there is a risk the beneficiary may not receive the wired funds. If the Wire Transfer is not received or credited in a timely manner, CoBank will follow normal and customary procedures to complete the Wire Transfer, determine the location of the wired funds and/or return the funds to Customer. CoBank may charge Customer additional fees for so doing. In addition, Customer shall reimburse CoBank for research and/or other fees charged to CoBank by other banks or foreign governments in connection with incorrect or incomplete international Wire Transfer instructions. If CoBank is unable to determine that the funds have been credited to the beneficiary's account or have the funds returned, Customer assumes all financial liability or risk of loss for the amount of the Wire Transfer. In the event Customer instructs CoBank to recall an international Wire Transfer, CoBank may charge Customer additional fees for so doing.

7.5 In the event an international Wire Transfer is rejected, CoBank will notify Customer as soon as CoBank is made aware of the rejection. If the ABA, Swift Code, or IBAN is invalid, CoBank will know the day the Wire Transfer is initiated. For other issues such as incorrect beneficiary financial institution, recipient name or recipient account number, it could be days or even weeks before CoBank is notified. In such event CoBank may charge Customer additional fees for handling and Customer shall reimburse CoBank for processing, research and/or other fees charged to CoBank by other banks handling the rejected international Wire Transfer or otherwise imposed by foreign governments.

7.6 International Wire Transfers are subject to any and all applicable regulations and restrictions of U.S. and foreign governments relating to foreign exchange transactions. CoBank has no obligation to accept any international Wire Transfer(s) directed to or through persons, entities or countries restricted by government regulation or CoBank's prior experience with particular countries. To the extent not otherwise prohibited by law, in connection with any international Wire Transfer(s) involving a transfer to or from any country outside of the U.S., Customer agrees to release and hold CoBank harmless from any loss or liability which Customer may incur after CoBank has executed the international Wire Transfer(s), including without limitation, any loss due to failure of a foreign bank or intermediary to deliver the funds to a beneficiary.

**8. INCONSISTENT NAME AND ACCOUNT NUMBER APPEARING IN WIRE TRANSFER.** If a Wire Transfer describes the intended recipient of funds inconsistently by name and account number, then the Customer acknowledges that payment by the receiving bank may be made on the basis of the account number even if that account is not owned by the person or entity named in the Wire Transfer. If the Customer is the originator of a Wire Transfer containing an inconsistent name and account

number, the Customer acknowledges and agrees that its obligation to pay to CoBank the amount of that Wire Transfer shall not be excused in such circumstances. CoBank and any other receiving financial institution have no obligation to determine whether a name and number identify the same person, entity or institution.

**9. CUT-OFF TIMES.** Wire Transfers shall be transmitted to CoBank in compliance with the format requirements and cut-off hours established by CoBank from time to time. Wire Transfers received by CoBank after such cut-off hours may, in CoBank's sole discretion, be rejected or may be treated by CoBank as having been received on the following Business Day.

#### **10. REJECTION OF WIRE TRANSFERS.**

10.1 CoBank may reject a Wire Transfer from Customer (i) if such Wire Transfer is not initiated in accordance with the applicable Security Procedure; (ii) if there is any inconsistency between a Wire Transfer and information previously supplied to CoBank; (iii) if CoBank is unable to obtain confirmation of such Wire Transfer satisfactory to CoBank; or (iv) if CoBank has other reasonable grounds not to honor the Wire Transfer including, but not limited to, there are insufficient funds in the Customer's designated Account to fund the Wire Transfer and CoBank's belief that the Wire Transfer may not have in fact been authorized. CoBank will endeavor to notify Customer of any rejected Wire Transfer by phone, facsimile, electronic mail or other reasonably commercial method. CoBank shall have no liability to the Customer by reason of the rejection of any such Wire Transfer, or the fact that such notice was not given at an earlier time or within any specified time of receipt, acceptance, execution or payment of any Wire Transfer. Upon rejection or return CoBank shall have no further obligation to act on such transfer, nor shall CoBank have any liability to Customer due to rejection by another person in the Wire Transfer process or notice not given within any specified time.

10.2 CoBank shall have no liability for Wire Transfers sent by CoBank as directed by Customer which cannot be completed or which are returned due to incorrect information furnished by Customer. Customer is required to fully complete beneficiary name and address, as beneficiary bank may elect to return an otherwise valid Wire Transfer for incomplete beneficiary information. CoBank may reject or impose conditions that must be satisfied before it will accept Customer's instructions for any Wire Transfer, in its sole discretion, including without limitation Customer's violation of this Service Schedule, or CoBank's belief that the Wire Transfer may not have in fact been authorized. A Wire Transfer may also be rejected by an intermediary or beneficiary bank other than CoBank, or by operation of law. If a Wire Transfer is rejected, CoBank will endeavor to notify Customer promptly. Upon rejection or return CoBank shall have no further obligation to act upon a Wire Transfer, nor shall CoBank have any liability to Customer due to rejection by another person in the Wire Transfer process, or the fact that notice was not given or was not given at an earlier time, or within any specified time of receipt, acceptance, execution or payment of any Wire Transfer.

**11. CANCELLATION OR AMENDMENT OF WIRE TRANSFERS.** The Customer shall have no right to cancel or amend a Wire Transfer after it has been received by CoBank. However, CoBank shall make a reasonable effort to act on the Customer's request for cancellation or amendment of a Wire Transfer prior to the time that CoBank executes such Wire Transfer, but shall have no liability if such cancellation or amendment is not effected but makes no representation or warranty regarding CoBank's ability to amend or cancel a Wire

Transfer. Notwithstanding the foregoing, CoBank shall have no liability for the failure to effect a cancellation or amendment, and CoBank makes no representation or warranty regarding CoBank's ability to amend or cancel a Wire Transfer. Customer shall reimburse CoBank for any expenses, losses or damages CoBank may incur in effecting or attempting to affect Customer's request of the cancellation or amendment of any Wire Transfer.

**12. LIMITS.** CoBank may, in its sole discretion, establish a Wire Transfer limit for Customer from time to time, and shall have no obligation to process any Wire Transfer request that exceeds such limit; provided, however, that CoBank may, in its sole discretion, allow and process such Wire Transfer(s) despite the limit. Any discretionary decision by CoBank will not be construed as an obligation to so perform by CoBank in the future.

**13. LIABILITY.** The liability of CoBank under this Service Schedule shall in all cases be subject to the provisions herein and the provisions of the Master Agreement, including without limitation, any provisions thereof that exclude or limit warranties made by damages payable by or remedies available from CoBank.

**14. PROCESSORS.** Customer acknowledges and agrees that CoBank may arrange for some or all of the Services hereunder to be performed or provided by third party processors (each a "Processor"). CoBank shall have no obligation to disclose arrangements with third parties to Customer or to obtain Customer's consent thereto.

**15. CUSTOMER COOPERATION.** In the event that CoBank is entitled under the law governing mistake and restitution to recover

from any beneficiary all or any part of a Wire Transfer made to such beneficiary hereunder, Customer shall upon CoBank's request but without expense to CoBank testify in any legal proceedings and otherwise take any action necessary to assist or enable CoBank to recover from such beneficiary. Customer hereby consents to CoBank's disclosure to government authorities of information concerning the Customer and transactions under this Service Schedule that CoBank believes to be appropriate or necessary to fulfill legal recordkeeping and reporting requirements.

**16. SURVIVAL.** All provisions of this Service Schedule which, by their very nature, are intended to survive termination of the Master Agreement, shall be deemed to survive termination of the Master Agreement.

**17. EFFECTIVENESS.** Customer agrees to all the terms and conditions of this Service Schedule. The liability of CoBank under this Service Schedule shall in all cases be subject to the provisions of the Master Agreement, including, without limitation, any provisions thereof that exclude or limit warranties made by, damages payable by or remedies available from CoBank. This Service Schedule replaces and supersedes all prior agreements on file with respect to the Services and shall remain in full force and effect until termination or such time as a different or amended Service Schedule is accepted in writing by CoBank or the Master Agreement is terminated or amended.

**18. DISCLAIMER.** CoBank shall not be Customer's advisor or fiduciary with respect to this Service Schedule, the Service Documentation, or the Service.

**Automated Clearing House (ACH) Customer Authorization**  
(Authorization to Debit Fees and Loan Payments)

Customer hereby authorizes CoBank, ACB (“CoBank”) to electronically debit Customer’s account (and, if necessary, electronically credit Customer’s account to correct erroneous debits) for the purpose of satisfying Customer’s fees\* and/or loan payments\*\* payable to CoBank as follows:

Checking Account /  Savings Account (select one)

Financial Institution: \_\_\_\_\_

Routing Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Customer agrees that ACH transactions it authorizes comply with all applicable law.

\* CoBank shall debit all wire transfer fees and applicable loan fees as directed above. However, to the extent Customer receives cash management services, CoBank shall debit Customer’s Transaction Clearing Account for fees related to all other cash management services provided pursuant to any Cash Manager Agreement between Customer and CoBank.

\*\* If any of Customer’s credit facilities are syndicated and/or not all payments are due on the 20th of the month, ACH may not be available. Please contact a CoBank representative by emailing [cobankloanaccounting@CoBank.com](mailto:cobankloanaccounting@CoBank.com) for confirmation.

**CUSTOMER**

<u>Burney Water District</u>	
Name of Customer	
<u>[ADDRESS]</u>	00143687
Customer Address	CIF
<u>Burney, California [ZIP]</u>	July 27, 2020
Customer City/State/Zip	Dated

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Print Name of Authorized Representative

President  
Title of Authorized Representative

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Print Name of Authorized Representative

Secretary  
Title of Authorized Representative

Please return form to "CoBank, ACB, Attn: Customer Service" via Facsimile (303) 740 – 4002 or first class mail 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111. Questions or comments may be directed to (800) 255 – 6190.

Customer understands that this authorization will remain in full force and effect until Customer notifies CoBank in writing by mail to 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111 which notification is received at least thirty (30) days prior to the proposed effective date of the termination of authorization. In no event shall termination be effective with respect to entries originated prior to receipt of notice of termination.

## Terms of Use

As used in this document the words "you" and "your" mean the customer and anyone else with the authority to exercise control with respect to customer's accounts. You are currently viewing a page of the colink.fcsolb.com web site or a related web site (the "Site") belonging to CoBank, ACB ("CoBank"). "Services" under these Terms of Use means accessing your account balances and related information from the Site. The terms and conditions regarding other electronic banking services you may have elected to receive from CoBank (if any) are governed by other agreements.

This Site and the Services provided by CoBank in connection with this Site are being provided to you expressly subject to these Terms of Use ("Terms of Use"), which govern your use of the site. Please read these Terms of Use carefully. By accessing this Site you agree to be bound by these Terms of Use.

### Third Party Web Sites

The Site may contain links to Web sites controlled or offered by third parties that are non-affiliates of CoBank. CoBank hereby disclaims liability for any other company or financial institution's Web site content, products, privacy policies, or security. In the event you choose to use the services available at a linked site, you agree to read and adhere to the policies and terms of use applicable to that site. In addition, any advice, opinions, or recommendations provided by the linked site providers are those of the providers and not of CoBank. Your participation in any linked site, including payment for and the delivery of goods or services, is based solely on the agreement, if any, between you the linked site provider.

### Collection of Identifying Information

You understand and agree that in connection with accessing the Site, CoBank may collect, maintain and store such information to assist in verifying your identity and/or location which may include: IP address; user name or identification; screen resolution; time and date of inquiry, transfer, payment and/or transaction; time zone; device type; time spent; pages visited; browser type; cookies; flash objects and primary language conferred on computer ("Other Information"). Other Information collected from other means may include the following:

- (1) Browser. CoBank collects device type, screen resolution and browser type and version;
- (2) Cookies. Cookies are a small amount of text sent from a website to a visitor's computer while using a website. CoBank collects information such as browser type, time spent, pages visited and language preferences through the use of cookies; and
- (3) Flash Objects. CoBank may use flash objects for online authentication so CoBank can recognize you and your device. CoBank collects information such as browser type through flash objects.

### Disclaimer

THE SERVICES ARE OFFERED ON AN "AS IS," "WHERE IS" AND "WHERE AVAILABLE" BASIS, WITH NO WARRANTY OF ANY KIND-WHETHER EXPRESS, IMPLIED OR STATUTORY-INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF TITLE OR THE IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. THIS DOES NOT AFFECT THOSE WARRANTIES WHICH INCAPABLE OF EXCLUSION, RESTRICTION OR MODIFICATION UNDER THE LAWS APPLICABLE TO THIS AGREEMENT.

YOU ACKNOWLEDGE THAT NEITHER COBANK, ITS AFFILIATES NOR ANY OF THEIR RESPECTIVE EMPLOYEES, AGENTS, THIRD PARTY CONTENT PROVIDERS OR LICENSORS WARRANT THAT THE SERVICES OR THE SITE WILL BE UNINTERRUPTED OR ERROR FREE; NOR DO THEY MAKE ANY WARRANTY AS TO THE RESULTS THAT MAY BE OBTAINED FROM USE OF THE SERVICES OR THE SITE, OR AS TO THE TIMELINESS, SEQUENCE, ACCURACY, RELIABILITY, COMPLETENESS OR CONTENT OF ANY INFORMATION, SERVICE, OR MERCHANDISE PROVIDED THROUGH THE SERVICES AND THE SITE. COBANK DOES NOT ENDORSE PRODUCTS OR SERVICES APPEARING ON LINKED SITES OR PURCHASED VIA LINKED SITES. (THIS DOES NOT AFFECT ANY MANUFACTURER'S WARRANTIES THAT THE PROVIDERS OF THE LINKED SITES OTHERWISE OFFER.)

YOU ALSO ACKNOWLEDGE AND AGREE THAT COBANK SHALL NOT HAVE LIABILITY, CONTINGENT OR OTHERWISE, FOR THE ANY DECISION MADE OR ACTION TAKEN BY YOU IN RELIANCE UPON THE INFORMATION TRANSMITTED, OR FOR INTERRUPTION OF ANY DATA, INFORMATION OR OTHER ASPECT OF THE SERVICES OR THE SITE.

EXCEPT AS SPECIFICALLY PROVIDED IN THIS AGREEMENT OR WHERE THE LAW REQUIRES A DIFFERENT STANDARD, YOU AGREE THAT COBANK IS NOT RESPONSIBLE FOR ANY LOSS, PROPERTY DAMAGE OR BODILY INJURY, WHETHER CAUSED BY ACCESS TO OR USE OF THE SERVICES OR THE SITE. TO THE MAXIMUM EXTENT PERMISSIBLE UNDER APPLICABLE LAW, COBANK WILL NOT BE RESPONSIBLE TO YOU OR ANY THIRD PARTY CLAIMING THROUGH YOU FOR ANY DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL, ECONOMIC OR OTHER DAMAGES ARISING IN ANY WAY OUT OF THE INSTALLATION OR USE OF THE SERVICES, THE SITE, ANY ON-LINE

SERVICES OR INTERNET BROWSER SOFTWARE, INCLUDING LIABILITY ASSOCIATED WITH ANY COMPUTER VIRUSES WHICH MAY INFECT YOUR COMPUTER SYSTEM.

### **General**

CoBank reserves the right to modify these Terms of Use at any time without notice, but the most current version of the Terms of Use will always be available to you by clicking on the link at the bottom of the Site. If you find the Terms of Use unacceptable at any time, you may discontinue your use of the Services. By continuing to use the Services after the date of any change to these Terms of Use, including accessing the Site, you agree to be bound by the rules contained in the most recent version of this Terms of Use.

CoBank, in its sole discretion, reserves the right to modify or terminate the Services and the Site or to terminate your access to the Services and Site, in whole or in part, at any time and for any reason. These Terms of Use constitute a contract between you and CoBank governed by the laws of the State of Colorado, with the exception of its conflicts of laws provisions. If there exists a conflict between these Terms of Use and your Master Agreement for Cash Management and Transaction Services, the Master Agreement for Cash Management and Transaction Services controls.

### **Indemnification**

You agree to defend, indemnify and hold harmless CoBank, its affiliates and their respective directors, officers, employees and agents from and against all claims and expenses, including attorneys' fees, arising out of your violation of these Terms of Use or misuse of the Services or this Site, including such violation or misuses conducted by your employee or agent, if applicable.

Draft - July 20, 2022

**DRAW REQUEST**

Date: \_\_\_\_\_, 20\_\_  
TO: CoBank, ACB  
FROM: Burney Water District (the “Borrower”) (CIF 00143687)  
RE: Grant Anticipation and Revolving Credit Promissory Note No. 00143687S01 in the amount of \$1,500,000.00 (the “Promissory Note”)

**DRAW REQUEST:**

In accordance with the term of the above-referenced Promissory Note (capitalized terms used herein but not defined herein shall have the meanings ascribed to such terms in such Promissory Note), you are hereby authorized and requested to make a loan in the amount of \$\_\_\_\_\_.

The undersigned hereby certifies that:

1. The funds requested to be drawn will be used solely for approved Project expenses reimbursable under the SWRCB Funding Agreement.
2. All conditions to loans set forth in the Promissory Note and the SWRCB Funding Agreement have been fulfilled, no Potential Default or Event of Default under the Agreement, as supplemented by the Promissory Note, has occurred and is continuing, and all warranties and representations contained in the Loan Documents are true and correct on the date of this Draw Request.
3. The Borrower has no offset, counterclaim, or defense against the loans or any other amount due under the Promissory Note and the Agreement.

**BORROWER**  
**BURNEY WATER DISTRICT**

**APPROVED**  
**COBANK, ACB**

By: _____	By: _____
Title: _____	Title: _____
Date: _____	Date: _____

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## CERTIFICATION OF BENEFICIAL OWNERS OF LEGAL ENTITY CUSTOMERS

### GENERAL INSTRUCTIONS

#### What is this form?

To comply with federal regulations under the Bank Secrecy Act and to aid efforts to fight financial crime, financial institutions are required to identify and verify beneficial owners of legal entity customers for accounts opened or renewed on or after May 11, 2018. An account means a banking relationship established to provide or engage in services, dealings or other financial transactions. These instructions and attached form facilitate the collection of required information and certification by the one requesting the account.

#### Who must complete this form?

This form must be completed by a representative of the legal entity doing business with a U.S. financial institution. For the purposes of this form, a legal entity includes: a corporation, limited liability company, limited and general partnerships, any entity that is created by filing of a public document with a Secretary of State or similar office or any other similar business entity formed in the United States or a foreign country.

For this purpose, a legal entity does **not** include a sole proprietorship, a non-statutory trust, an unincorporated association or a natural person opening an account on his/her own behalf. In addition, certain legal entities (listed in section B of the form) are exempted from the requirement to provide beneficial ownership information.

#### What information is required?

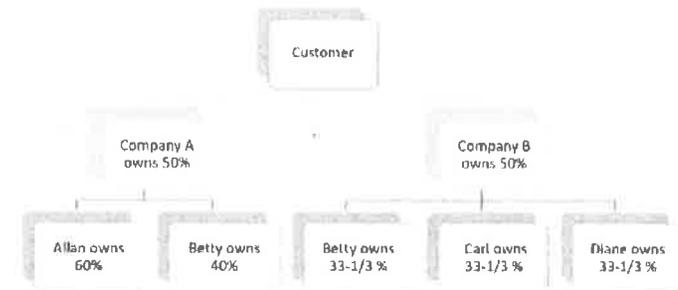
Section A - information identifying the legal entity; section B – exemptions and exceptions that may apply (see Appendix I for further details); section C – personal identification of the **Beneficial Owners** of the legal entity, depending on selections, as applicable, from section B; and section D – the name, title and signature of the person certifying the information on behalf of the legal entity and the date of such certification

Regarding section C: Beneficial Owner Information. The name, address, date of birth, and identification number (SSN or other government-issued identification) are required for each individual as described below.

**C(1)** Each individual, if any, who owns, directly or indirectly, 25 percent or more of the equity of the legal entity customer.

- *The number of individuals that satisfy this definition of “Beneficial Owner” may vary. Depending on the factual circumstances, up to four individuals (but as few as zero) may be identified.*

**Example:** For purposes of the Rule, Allan is a beneficial owner of Customer because he owns indirectly 30 percent of its equity interests through his direct ownership of Company A. Betty is also a beneficial owner of Customer because she owns indirectly 20 percent of its equity interests through her direct ownership of Company A plus  $16\frac{2}{3}$  percent through Company B for a total of indirect ownership interest of  $36\frac{2}{3}$  percent. Neither Carl nor Diane is a beneficial owner because each owns indirectly only  $16\frac{2}{3}$  percent of Customer’s equity interests through their direct ownership of Company B.



## CERTIFICATION OF BENEFICIAL OWNERS - GENERAL INSTRUCTIONS cont'd

**C(2)** An individual with significant responsibility for managing or controlling the legal entity customer (e.g., a Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President or Treasurer).

- *Whether or not there are beneficial owners that meet the 25% equity test in section C(1), please specify the name and identifying information of one individual under section C(2). The key individual may also be a Beneficial Owner identified under section C(1). For example, the President of Acme Inc. owns a 30% interest in the company. He is a Beneficial Owner under C(1) and may also be the identified key individual under section C(2).*
- *If the legal entity's ownership structure is complex/multi-layered, please attach a diagram illustrating the structure.*
- *We reserve the right to request an image or copy of any individual's photo identification document.*

## **RETURN INSTRUCTIONS**

Please complete the attached *Certification of Beneficial Owner(s) Form*, sign and date it, and return the completed form using **one** of the recommended options below:

- 1) Fax the completed form to UBO Compliance at CoBank, (720) 528-6254.
- 2) Mail the completed form to: UBO Compliance, CoBank, 6340 S. Fiddlers Green Circle, Greenwood Village, CO 80111.
- 3) Upload a scanned image of the signed form to our secure online portal:
  - a. Navigate to <https://sso.cobank.com> and click 'Register' to sign up for an account. The registration process will ask for your customer identification ("CIF") and personal information before sending you an email to confirm your account.
  - b. When prompted via email, to confirm your account please log back into the portal at <https://sso.cobank.com> to setup your security questions and password.
  - c. Click the side arrow to expand the EFSS sub-menu and select the Compliance folder under EFSS to request access. An administrator will grant your account access to the folder. You will then receive an email indicating your account is ready. Note: this process is not instantaneous and subject to administrator availability, though usually completed within a business hour.
  - d. Log back into the portal and upload the signed, completed form to the Beneficial Ownership folder under Compliance.
  - e. If you have any questions or concerns, please contact CoBank Customer Service at 1-800-255-6190 or [customerservice@cobank.com](mailto:customerservice@cobank.com) and we'll be happy to help you.



### CERTIFICATION OF BENEFICIAL OWNER(S)

(See attached Instructions)

#### A. LEGAL ENTITY INFORMATION

Name, tax identification number ("TIN") and address of the legal entity for which the account is being opened:

Name: \_\_\_\_\_ TIN: \_\_\_\_\_

Full Address: \_\_\_\_\_

#### B. EXEMPTIONS OR EXCEPTIONS:

Review the list of entity types below and CHECK the BOX next to ALL that apply (refer to Appendix I for additional clarification regarding these exemptions).

<input type="checkbox"/>	1. Sole proprietorship
<input type="checkbox"/>	2. Unincorporated association (e.g., scout troop, youth sports league)
<input type="checkbox"/>	3. Trust (non-statutory)
<input type="checkbox"/>	4. Estate
<input type="checkbox"/>	5. Federally regulated financial institution or State regulated bank
<input type="checkbox"/>	6. Federal, State, or local government department or agency
<input type="checkbox"/>	7. Entity exercising governmental authority on behalf of federal, state or local government
<input type="checkbox"/>	8. Non-bank U.S. publicly traded company or non-bank U.S. subsidiary (51% owned or greater) thereof under 31 C.F.R. 1020.315(b)(4)-(5)
<input type="checkbox"/>	9. Securities and Exchange Commission ("SEC") registered issuer of securities
<input type="checkbox"/>	10. SEC registered investment company
<input type="checkbox"/>	11. Commodity Futures Trading Commission registered entity
<input type="checkbox"/>	12. Bank holding company or savings and loan holding company
<input type="checkbox"/>	13. Entity registered with the SEC under the Securities Exchange Act of 1934
<input type="checkbox"/>	14. Non-U.S. financial institution whose regulator maintains beneficial ownership information on that financial institution
<input type="checkbox"/>	15. Non-U.S. government entity engaged in government activities only (non-commercial)
<input type="checkbox"/>	16. Pooled investment vehicle operated or advised by an exempt financial institution
<input type="checkbox"/>	17. Entity opening an account (with CoBank) to provide point-of-sale credit products to purchase retail goods and services, up to \$50,000
<input type="checkbox"/>	18. Entity opening an account solely to finance the purchase or leasing of equipment
(If you selected one or more of items numbered 1-18, SKIP to and complete section "D" below)	
<input type="checkbox"/>	19. Pooled investment vehicle operated or advised by a non-exempt financial institution
<input type="checkbox"/>	20. Nonprofit corporation or similar entity
(If you selected item numbered 19 or 20, section "C(1)" is not required. SKIP to and complete sections "C(2)" and "D" below)	
<input type="checkbox"/>	21. NONE OF THE ABOVE ITEMS APPLY (If you only selected item number 21, the remainder of the form is required. Please complete sections "C", and "D" below)

**C. BENEFICIAL OWNER INFORMATION:**

(1) Provide the following information for each individual (natural person), if any, who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, owns 25% percent or more of the equity interests of the legal entity named above in section "A."

If no individual meets this definition, check here:  **No Beneficial Owners that meet the 25% or greater equity criteria**

Percent Ownership	Full Legal Name	Birth Date (mm/dd/yyyy)	Full Residence Address	U.S. Citizens	Non-U.S. citizens		
				Social Security Number (SSN)	Passport number or Government issued ID <sup>1</sup>	Issuing Country	Expire Date (mm/dd/yyyy)

(2) **REQUIRED EVEN IF NO 25% OR MORE EQUITY OWNERS.** Provide the following information for **one** individual (natural person) with significant responsibility for managing the legal entity named above in section "A," such as an executive officer or senior manager (e.g., Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Managing Member, General Partner, President, Vice President, Treasurer) or any other individual who regularly performs similar functions. If appropriate, an individual listed under section C(1) above may also be listed here.

Position/Title	Full Legal Name	Birth Date (mm/dd/yyyy)	Full Residence Address	U.S. Citizens	Non-U.S. citizens		
				Social Security Number (SSN)	Passport number or Government issued ID <sup>1</sup>	Issuing Country	Expire Date (mm/dd/yyyy)

<sup>1</sup> **Non-U.S. citizens: In lieu of a passport number, foreign/non-U.S. persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.**

**D. CERTIFICATION STATEMENT:**

I, \_\_\_\_\_ (name of person opening or renewing account), hereby certify, to the best of my knowledge, that the information provided above is complete and correct and agree to notify CoBank of any changes in such information.

**Signature:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**CERTIFICATION OF BENEFICIAL OWNER(S)***APPENDIX I*

Exemption or exception list of entity types:

1. **Sole Proprietorship.** Not a separate legal entity from the person associated with it, even if it registers a trade name or establishes a tax account.
2. **Unincorporated association.** Not a separate legal entity from the person associated with it, even if it registers a trade name or establishes a tax account. For example, small community organizations, such as Scout Troops and youth sports leagues.
3. **Trust (non-statutory).** The exclusion would generally cover non-statutory, i.e., created by contract, trusts. Trusts that must register with the Secretary of State or other similar office are not excluded.
4. **Estate.** Account in the name of a deceased individual opened by a court-appointed representative of the decedent's estate.
5. **Federally regulated financial institution or State regulated bank.** A financial institution regulated by a Federal functional regulator or a bank regulated by a State bank regulator.
6. **Federal, State, or local government department or agency.** A department or agency of the United States, or any State, or of any political subdivision of any State (as described in 31 C.F.R. 1020.315(b)(2)).
7. **Entity exercising governmental authority on behalf of federal, state or local government.** Any entity established under the laws of the United States, of any State, or of any political subdivision of any State, or under an interstate compact between two or more States, that exercises governmental authority on behalf of the United States or any such State or political subdivision (as described in 31 C.F.R. 1020.315(b)(3)). An entity generally exercises such governmental authority, for purposes of paragraph (b)(3), only if its authorities include one or more of the powers to tax, to exercise the authority of eminent domain, or to exercise police powers with respect to matters within its jurisdiction (as described in 31 C.F.R. 1020.315(e)(2)).
8. **Non-bank U.S. publicly traded company or non-bank U.S. subsidiary (51% owned or greater) thereof** under 31 C.F.R. 1020.315(b)(4)–(5). Entity, other than a bank, whose equity interests are listed on a U.S. stock exchange (as described in 31 C.F.R. 1020.315(b)(4)), or a subsidiary, other than a bank, that is 51% or more owned by such publically traded company and organized under the laws of the United States or of any State (as described in 31 C.F.R. 1020.315(b)(5)).
9. **Securities and Exchange Commission (“SEC”) registered issuer of securities.** An issuer of a class of securities registered under section 12 of the Securities Exchange Act of 1934 or that is required to file reports under section 15(d) of that Act.
10. **SEC registered investment company.** An investment company, as defined in Section 3 of the Investment Company Act of 1940, that is registered with the SEC under that Act.

11. **Commodity Futures Trading Commission registered entity.** A registered entity, commodity pool operator, commodity trading advisor, retail foreign exchange dealer, swap dealer, or major swap participant, each as defined in section 1a of the Commodity Exchange Act, that is registered with the Commodity Futures Trading Commission.
12. **Bank holding company or savings and loan holding company.** A bank holding company, as defined in section 2 of the Bank Holding Company Act of 1956 (12 U.S.C. 1841) or savings and loan holding company, as defined in section 10(n) of the Home Owners' Loan Act (12 U.S.C. 1467a(n)).
13. **Entity registered with the SEC under the Securities Exchange Act of 1934.** Any other entity registered with the SEC under the Securities and Exchange Act of 1934.
14. **Non-U.S. financial institution whose regulator maintains beneficial ownership information on that financial institution.** A foreign financial institution established in a jurisdiction where the regulator of such institution maintains beneficial ownership information regarding such institution.
15. **Non-U.S. government entity engaged in government activities only (non-commercial).** A non-U.S. governmental department, agency or political subdivision that engages only in governmental rather than commercial activities.
16. **Pooled investment vehicle operated or advised by an exempt financial institution.** A pooled investment vehicle that is operated or advised by a financial institution excluded under paragraph (e)(2) of 31 C.F.R. 1010.230.
17. **Entity opening an account (with CoBank) to provide point-of-sale credit products to purchase retail goods and services, up to \$50,000.** Entity that provides credit products at the point-of-sale, including commercial private label credit cards, solely for the purchase of retail goods and/or services at these retailers, up to a limit of \$50,000.
18. **Entity opening an account solely to finance the purchase or leasing of equipment.** Entity financing the purchase or leasing of equipment where payments are remitted directly by CoBank to the vendor or lessor of the equipment. However, this exemption does not apply, and the beneficial ownership information must be completed, if you can make payments to, or receive payments from, third parties through your account or if there is a possibility of a cash refund on the account activity.
19. **Pooled investment vehicle operated or advised by a non-exempt financial institution.** A pooled investment vehicle that is operated or advised by a financial institution not excluded under paragraph (e)(2) of 31 C.F.R. 1010.230.
20. **Nonprofit corporation or similar entity.** Any legal entity that is established as a nonprofit corporation or similar entity and has filed its organizational documents with the appropriate State authority as necessary.

July 27, 2022

CoBank ACB  
6340 S. Fiddlers Green Circle  
Greenwood Village, CA 80111  
Attention: Water Services Banking Division

**Re: Credit Agreement (Agreement No. 00143687SLA) and Grant Anticipation and Revolving Credit Promissory Note (Note No. 00143687S01), dated as of July 27, 2022 among Burney Water District and CoBank, ACB  
Client-Matter: BU065/005**

To Whom It May Concern:

We have acted as counsel for Burney Water District (the “Borrower”), a county water district organized and existing under the laws of the state of California (the “State”). Pursuant to the Credit Agreement (Agreement No. 00143687SLA) (“Agreement”) and Grant Anticipation and Revolving Credit Promissory Note (Note No. 00143687S01) (“Note”), dated as of July 27, 2022, CoBank, ACB (“Lender”) has agreed to make loans to the Borrower during the period set forth in the Agreement in an aggregate principal amount not to exceed \$1,500,000.00, at any one time outstanding. In connection with the loans, the Borrower has executed and delivered the following documents (collectively, the “**Loan Documents**”):

- Instruction Letter, dated July 27, 2022;
- Credit Agreement No. 00143687SLA, dated as of July 27, 2022;
- Grant Anticipation and Revolving Credit Promissory Note No. 00143687S01, dated as of July 27, 2022 ;Resolution of the Board of Directors of the Borrower dated July 21, 2022, authorizing the Note and the other Loan Documents (the “**Authorizing Measure**”); and
- General Closing and Incumbency Certificate dated July 27, 2022

Capitalized terms used, but not otherwise defined in this letter, shall have the meanings set forth in the Agreement or Note.

We have assumed, without undertaking to verify the same by independent investigation, the following: (a) the authenticity of original documents and the genuineness of all signatures; (b) the conformity to the originals of all documents submitted to us as copies; (c) the truth, accuracy, and completeness of the information, representations, and warranties contained in the documents, certificates, records and papers we have reviewed; (d) compliance with all covenants and agreements contained in such documents; (e) the due authorization of the execution, delivery

and performance of such documents by all parties other than the Borrower; (f) all facts as provided by Borrower and the Lender, and (g) the absence of any evidence extrinsic to the provisions of such documents that the parties intended a meaning contrary to that expressed by the written provisions of the transaction documents. Moreover, the opinions expressed hereinafter may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or omitted or do occur and we disclaim any obligation to update this letter.

This opinion as to factual matters is limited to our actual knowledge as of the date hereof, and such knowledge does not include constructive knowledge or any information that we might have gained had we performed any further investigation.

In this connection, we have examined such corporate records, certificates, and other documents and instruments, and such questions of law as we have considered necessary or appropriate for the purposes of this opinion, including the Loan Documents. In our examination, we have assumed that all signatures (other than those of officers of the Borrower) on documents or instruments are genuine, that all documents submitted as originals are authentic, that all documents submitted as copies conform to the originals thereof, and that all documents have been duly authorized, executed, and delivered by each party thereto other than the Borrower.

Based upon the foregoing, and with due regard for such legal and other considerations as we deem appropriate, we are of the opinion that:

1. The Borrower is a county water district duly organized, validly existing, and in good standing under the laws of the State.
2. The Borrower has all requisite legal power and authority to own and operate its assets and to carry on its business and to enter into and perform the Loan Documents.
3. All proceedings of the Borrower necessary to be taken in connection with the authorization, execution, delivery and performance of the Loan Documents have been duly taken and all such authorizations are presently in effect.
4. Each Loan Document has been duly executed and delivered by the Borrower and constitutes the valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as enforceability may be limited: (A) by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the rights of creditors generally; and (B) by general equitable principles which may limit the right to obtain the remedy of specific performance of obligation other than the obligation to pay money.
5. To the best of our knowledge, the execution, delivery, and performance by the Borrower of the Loan Documents do not and will not: (A) violate any provision of any law, rule or regulation, any judgment, order or ruling of any court or governmental agency, charter documents, bylaws or other governing documents, as applicable, of the Borrower, or any

agreement, indenture, mortgage, or other instrument to which the Borrower is a party or by which the Borrower or any of its properties is bound; or (B) be in conflict with, result in a breach of, or constitute with the giving of notice or passage of time, or both, a default under any Borrower resolution, agreement, indenture, mortgage, or other instrument.

6. To the best of our knowledge, no consent, permission, authorization, order or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Loan Documents, except such as have been obtained and are in full force and effect.

7. To the best of our knowledge, there are no actions, suits, or proceedings affecting the Borrower or any of its assets pending or threatened before any governmental entity which: (A) if adversely decided could have a material adverse effect on the Borrower's condition, financial or otherwise, operations, properties or business, or on its ability to perform its obligations under the Loan Documents; or (B) seeks to rescind, terminate, modify, or suspend any consent, permission, authorization, order or license of any governmental authority referred to in paragraph 6 above.

8. The Loan Documents create a valid and enforceable security interest in the collateral described therein (grant funds and system revenues), and such security interest is perfected by the passage of the Authorizing Measure described above in accordance with California Government Code Sections 5451 and 53859 to 53859.08.

The opinions expressed herein are further subject to the following limitations, qualifications and exceptions:

(a) the effect of bankruptcy, insolvency, reorganization, preference, fraudulent transfer, moratorium or other similar laws relating to or affecting the rights or remedies of creditors;

(b) the effects of general principles of equity, whether considered in a proceeding in equity or at law (including the possible unavailability of specific performance or injunctive relief), concepts of materiality, reasonableness, good faith and fair dealing, and the discretion of the court before which a proceeding is brought;

(c) the unenforceability under certain circumstances under law or court decisions of provisions for the indemnification of or contribution to a party with respect to a liability where such indemnification or contribution is contrary to public policy;

(d) to the extent California law applies, certain remedies and waivers contained in the Loan Documents may not be strictly enforced;

(e) we express no opinion as to the validity or enforceability of any provisions for liquidated damages, default interest, late charges, monetary penalties, prepayment or make-whole premiums or other economic remedies and call to your attention the provisions of Sections

1717 and 1717.5 of the California Civil Code, which limit and create obligations for the payment of attorney's fees;

(f) the unenforceability under certain circumstances, under California or federal law or court decisions, of provisions expressly or by implication waiving broadly or vaguely stated rights, unknown future rights, defenses to obligations or rights granted by law, where such waivers are against public policy or prohibited by law;

(g) the unenforceability under certain circumstances of provisions to the effect that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to or with any other right or remedy, that election of a particular remedy or remedies does not preclude recourse to one or more other remedies, that any right or remedy may be exercised without notice, or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy;

(h) the effect of California law, which provides that a court may refuse to enforce, or may limit the application of, a contract or any clause thereof which the court finds as a matter of law to have been unconscionable at the time it was made or contrary to public policy; and

(i) the effect of Section 631(d) of the California Code of Civil Procedure, which provides that a court may, in its discretion upon just terms, allow a trial by jury although there may have been a waiver of trial by jury.

No opinion is expressed as to the application of laws which by custom are understood to be excluded from such opinions, including Section 548 of the federal Bankruptcy Code and comparable provisions of state law, antifraud laws, securities laws, antitrust or trade regulation laws, environmental, land use, investment company laws and regulations, local or municipal law, ERISA or similar laws, or usury laws.

We have assumed for purposes of this opinion that: all parties to the Loan Documents other than Borrower have complied with any applicable requirement to file returns and pay taxes under the Franchise Tax Law of the State of California to the extent applicable; all parties to the Loan Documents other than Borrower are duly organized, validly existing and in good standing under the laws of their respective jurisdictions of organization; all parties to the Loan Documents other than Borrower have the requisite power and authority to execute and deliver the Loan Documents and to perform their respective obligations under the Loan Documents to which they are a party; and the Loan Documents to which such parties other than Borrower are a party have been duly authorized, executed and delivered by such parties and constitute their legally valid and binding obligations, enforceable against them in accordance with their terms.

We have provided this letter to you solely for your benefit in connection with the transactions covered hereby. This letter may not be relied upon by you for any other purpose, or furnished to, assigned to, quoted to or relied upon by any other person, firm or corporation for

any purpose without our prior written consent, which may be granted or withheld in our discretion.

Very truly yours,

LIEBERT CASSIDY WHITMORE

Heather L. DeBlanc

HLD:mjg

DRAFT