

AGENDA

BOARD OF DIRECTORS – TEJON-CASTAC WATER DISTRICT

Regular Meeting
Tuesday, February 9, 2021
at 9:00 a.m.

Due to COVID-19 Shelter-in-Place restrictions the meeting will be held via Zoom conference call using the following information:

Join Zoom Meeting:

<https://zoom.us/j/93246644646?pwd=OUZwajd1U3Rib3QzZUU2WTZ0NktDdz09>

Meeting ID: 932 4664 4646

Passcode: 145497

One tap mobile:

+14086380968,,93246644646#,,,,*145497# US (San Jose)

+16699006833,,93246644646#,,,,*145497# US (San Jose)

Dial by your location:

+1 408 638 0968 US (San Jose)

+1 669 900 6833 US (San Jose)

+1 253 215 8782 US (Tacoma)

+1 346 248 7799 US (Houston)

+1 301 715 8592 US (Washington D.C)

+1 312 626 6799 US (Chicago)

+1 646 876 9923 US (New York)

BOARD OF DIRECTORS TO CONVENE

* Members of the public seeking to observe the meeting and address the Board of Directors may do so by using the Zoom conference call information above.

AMERICANS WITH DISABILITIES ACT

(Government Code Section 54953.2)

A person with a qualifying disability under the Americans with Disabilities Act of 1990 may request that the District provide disability-related modification or accommodation in order to participate in any public meeting of the Tejon-Castac Water District. Such assistance includes appropriate alternative formats for the agendas and agenda packets. Requests should be made in person, by telephone, facsimile and/or written correspondence to the Districts office, at least 72 hours before the February 9th District meeting.

ROLL CALL

ORGANIZATION MATTERS

- 1) Discussion and Possible Action Regarding Board of Directors Vacancies – Resolution No. 2021-01.

PRIOR BUSINESS

- 2) Approval of Minutes of August 11, 2020 Regular Meeting, and September 16, 2020 Special Meeting, of the Board of Directors.

PUBLIC PRESENTATIONS

- 3) This portion of the meeting is reserved for persons to address the Board of Directors on any matter not on this agenda but under the jurisdiction of the Board. Board members may respond briefly to statements made or questions posed. They may ask a question for clarification, make a referral to staff for factual information or request staff to report back to the Board at a later meeting. Also, the Board may take action to direct the staff to place a matter of business on a future agenda. SPEAKERS ARE LIMITED TO TWO MINUTES. PLEASE STATE YOUR NAME BEFORE MAKING YOUR PRESENTATION. THANK YOU.*

RESOLUTIONS AND ACTIONS

- 4) Presentation Regarding Community Facilities District Financing.
- 5) Proposed Resolution No. 2021-02 Adopting Local Goals and Policies for Community Facilities Districts.
- 6) Proposed Resolution No. 2021-03 Accepting Petition, Approving Advances/ Reimbursement Agreement and Engaging Consultants in Connection With a Proposed Community Facilities District.
- 7) Proposed Resolution No. 2021-04 Declaring its Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein.
- 8) Proposed Resolution No. 2021-05 Declaring its Intention to Incur Bonded Indebtedness of Improvement Areas of the Proposed Community Facilities District No. 2021-1 (Mountain Village Public Improvements).
- 9) Reports & Updates (Review and possibly action on):
 - A. Facility Reports
 - B. Operations
 - C. SGMA
 - D. SWP
 - E. Annexation No. 8
 - F. Financials
- 10) Other Business.

ADJOURN

**BEFORE THE BOARD OF DIRECTORS OF THE
TEJON-CASTAC WATER DISTRICT**

IN THE MATTER OF: Notice of Vacancy in Elective Office RESOLUTION NO. 2021-01

**RESOLUTION APPOINTING _____ and _____
TO FILL THE VACANCIES IN THE OFFICE OF DIRECTORS**

WHEREAS two vacancies were created in the Office of Directors of the District by the resignation of Directors Allen Lyda, and Ryan Fachin, effective January 18, 2021; and,

WHEREAS the power and privilege of filling said vacancies by appointment now rests with the remaining members of the Board of Directors by virtue the provisions found in Water Code section 34707.5 and Government Code section 1780(c); and,

WHEREAS, as required by Government Code section 1780, the District timely notified the elections official of the County of Kern of the vacancies; and,

WHEREAS, as required by Government Code section 1780, on January 20, 2021, a date not less than fifteen (15) days preceding the date of this Resolution, a Notice of Vacancies was duly posted at the District's office and at three (3) conspicuous places within the District; and

WHEREAS _____ and _____ are citizens of the State of California and the United States that are over 18 years of age; and,

WHEREAS _____ and _____ also meet the requirements of Water Code section 34700; and,

WHEREAS _____ and _____ are ready, willing and able to fill said vacancies on the Board of Directors.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TEJON-CASTACT WATER DISTRICT does hereby resolve as follows:

1. _____ and _____ are hereby appointed to the office of Director of this District effective immediately; and,

2. Staff is hereby directed to take the necessary steps to notify the County and State of these appointments.

All the foregoing being on motion of _____, seconded by Director _____ and authorized by the following vote, to wit:

AYES:

NOES:

ABSTAIN:

ABSENT:

I HEREBY CERTIFY that the foregoing Resolution is the Resolution of said District as duly passed and adopted by said Board of Directors on the 9th day of February 2021.

WITNESS my hand and seal of said Board of Directors this 9th day of February 2021.

Dennis Atkinson

President of the Board of Directors

[SEAL]

TEJON-CASTAC WATER DISTRICT (TCWD)
5665 Santa Elena Drive, Arvin, CA 93203
MINUTES
OF THE REGULAR BOARD OF DIRECTORS MEETING

Date of Meeting: Tuesday, August 11, 2020

Place of Meeting: Conference call only due to COVID-19 shelter-in-place restrictions.

Conference line: 1-888-296-6500, Access Code: 425022

DIRECTORS PRESENT: Ryan Fachin, Mark Fanucchi, Dennis Atkinson, George Cappello, Allen Lyda.

DIRECTORS ABSENT: None

Meeting commenced at 9:00 a.m.

Members of the public at the meeting were Robert Velasquez, Kenny Watkins, Dennis McBride from PERC Water, and Angelica Martin. District Legal Counsel Alan Doud was also present.

On motion by Director Capello, seconded by Director Fanucchi, draft minutes of the Regular Board Meeting of February 11, 2020, and Special Board Meeting of June 25, 2020 were approved unanimously by all directors' present.

Ms. Martin presented item #4 in the agenda. She explained the need to install monitoring wells for the management of Groundwater Dependent Ecosystems and how the part of the funding was coming from the Prop 68 Grant. She delineated the process and provided a description and copy of each of the documents that were required. After a brief discussion Ms. Martin recommended that the Board approve the CEQA Notice of Exemption, the Environmental Information Form, and the Bidding Procurement Policy. Director Fanucchi motioned to approve all three documents, the motion was seconded by Director Fachin.

Roll call vote: Ayes: Fachin, Atkinson, Fanucchi, Cappello, Lyda.
Noes: None
Abstained: None
Absent: None

Mr. Watkins proceeded to talk about the revisions that have been done to the District's Rules and Regulations. The rules were established almost twenty years ago and need updates. He has coordinated with legal counsel to ensure any changes are done according to law. He also commented that most likely further revisions would follow as deemed necessary. Legal Counsel explained that the State has made changes to residential regulations concerning water. He advised that when the time comes the District should annex those to the current Rules and Regulations as an additional document. After a brief discussion Director Lyda made a motion to accept the revisions made to the District's Rules and Regs, director Fachin seconded. There was a roll call vote.

Roll call vote: Ayes: Fachin, Atkinson, Fanucchi, Cappello, Lyda.
Noes: None
Abstained: None
Absent: None

There were public comments. Ms. Martin introduced Dennis McBride from PERC water taking Larry Johnson's place as Operations Manager. Also, Director Lyda advised that in the next board

meeting the Directors will probably see Resolution(s) from the Tejon Ranch Public Facilities Financing Authority JPA for a couple of projects

There was no closed session.

On motion by Director Fachin, seconded by Director Fanucchi, the meeting adjourned at 9:15 a.m.

Angelica Martin, Secretary, Tejon-Castac Water District

Approved by: Tejon-Castac Water District Board of Directors Dated: December 8, 2020

TEJON-CASTAC WATER DISTRICT (TCWD)
5665 Santa Elena Drive, Arvin, CA 93203
MINUTES
OF THE SPECIAL BOARD OF DIRECTORS MEETING

Date of Meeting: Wednesday, September 16, 2020

Place of Meeting: Conference call only due to COVID-19 shelter-in-place restrictions.

Conference line: 1-888-296-6500, Access Code: 425022

DIRECTORS PRESENT Via Phone: Ryan Fachin, Mark Fanucchi, Dennis Atkinson, George Cappello, Allen Lyda.

DIRECTORS ABSENT: None

Meeting commenced at 8:02 a.m.

Members of the public on the call were Robert Velasquez, and Angelica Martin.

Ms. Martin presented a proposal received after submitting a request for bid to various well drillers. She explained this was related to the monitoring wells for the management of Groundwater Dependent Ecosystems (GDEs). The information is required to fill out data gaps in the Groundwater Sustainability Plan (GSP) of the White Wolf Groundwater Sustainability Agency. The bid request was sent out to three different drillers of which only one provided a proposal. The other two responded with reasons why they could not provide a bid. Ms. Martin also explained the proposal from ABC Liovin Drilling allowed the drilling of three monitoring wells instead of only two. Ms. Martin recommended the approval of the proposal submitted from ABC Liovin Drilling. Director Fanucchi motioned to approve, Director Fachin seconded the motion, and so the proposal was unanimously approved by the Board. Roll call vote was called as follows:

Director Cappello; Yes

Director Fachin; Yes

Director Fanucchi; Yes

Director Lyda; Yes

Director Atkinson; Yes

There was no public comment.

The Board did not have closed session.

On motion by Director Fachin, seconded by Director Fanucchi, the meeting adjourned at 8:11a.m.

Angelica Martin, Secretary, Tejon-Castac Water District

Approved by: Tejon-Castac Water District Board of Directors Dated: October 13, 2020

Tejon Castac Water District
TCWD

CFD Overview

CFD Financing Basics

- Special purpose district created to finance infrastructure necessary for development
 - Public agency must own infrastructure when completed
 - Establishes a “Special Tax” to be levied on property in the CFD
 - Property owners agree to a lien placed on their property
 - Can exempt certain categories of property
- Annual Special Tax revenue can be used to:
 - Pay debt service on bonds
 - Fund infrastructure on a pay-as-you-go basis
 - Cover CFD administrative costs
- Non-recourse to the public agency and property owner

Types of Public Facilities

- Water, sewer, and storm drain facilities
- Streets, highways, and traffic signalization
- Parking, transit, and transportation systems
- Landscaping and “streetscaping”
- Police and fire facilities
- Parks, recreational facilities, and open space
- Libraries, schools, and cultural facilities
- Environmental remediation

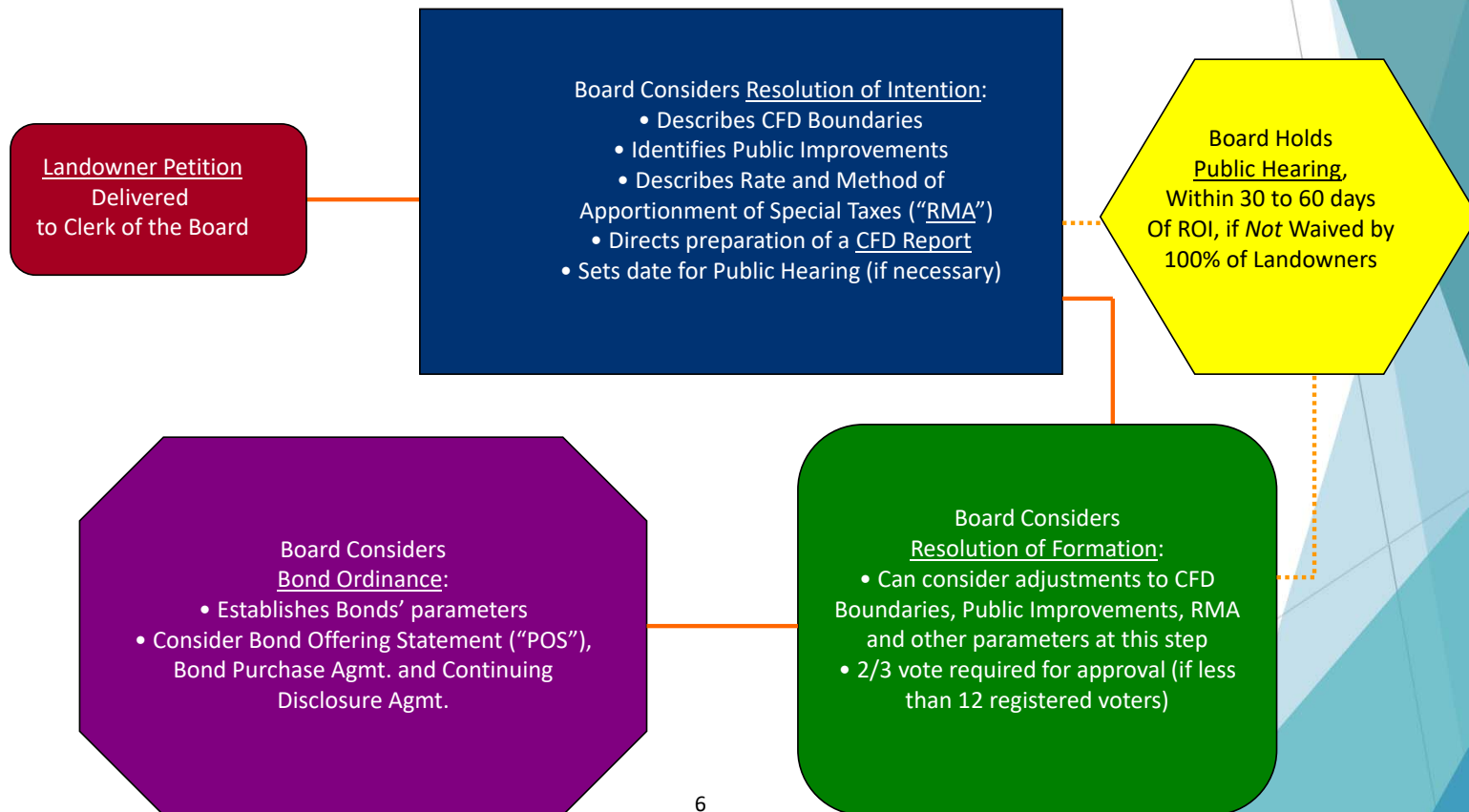
Public Agency Considerations

- Requires Several Actions of the Governing Body
 - Establish CFD Goals and Policies up front
 - Improvements financed should be supported by the public agency and have benefits that extend beyond the CFD
- CFDs Require Administration
 - Can use Special Tax to pay for Administrative Costs

CFD Formation and Financing Steps

- Identify Public Infrastructure Needs
- Develop Special Tax Structure
 - Rate and Method of Apportionment (“RMA”) specifies tax rates for each land use class within the CFD
- Form Community Facilities District
 - Establish parameters of what will be taxed, for how much and for how long
- Conduct Absorption Analysis and Appraisal
 - Value-to-lien is key to bonding capacity and credit analysis
- Structure Bonds; Create Financing Documents
- Market and Price Bonds
- Deliver Bond Proceeds
 - Money available to reimburse cost of completed infrastructure

Board Actions



RESOLUTION NO. 2021-02

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEJON-CASTAC WATER DISTRICT ADOPTING LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS

WHEREAS, this Board of Directors of the Tejon-Castac Water District (the “Water District”) is authorized to form community facilities districts (each, a “CFD”) under the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (the “Act”); and

WHEREAS, Section 53312.7(a) of the Act requires that the Board of Directors consider and adopt local goals and policies for community facilities districts prior to the initiation of proceedings to establish a CFD under the provisions of the Act; and

WHEREAS, the Board of Directors now intends to consider the establishment of a CFD related to the financing of public improvements for the Mountain Village development, and desires at this time to adopt local goals and policies for CFDs so that it may commence proceedings for establishing a community facilities district to finance public improvements for the Mountain Village development; and

WHEREAS, attached to this Resolution as Exhibit A is a draft of goals and policies for CFDs of the Water District (the “Goals and Policies”), and the Board of Directors has duly considered said Goals and Policies.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Tejon-Castac Water District that the Goals and Policies, in the form attached hereto as Exhibit A are hereby adopted as the local goals and policies of the Water District for CFDs, and are intended to satisfy the requirements of Section 53312.7(a) of the Act.

PASSED, APPROVED AND ADOPTED, by the Board of Directors of the Tejon-Castac Water District, at a regular meeting held on the 9th day of February, 2021.

By: _____
Dennis Atkinson,
President

ATTEST:

By: _____
Angelica Martin,
Secretary

20035.01:J17170
2/2/21

STATE OF CALIFORNIA)
COUNTY OF KERN) ss
TEJON-CASTAC WATER DISTRICT)

I, Angelica Martin, Secretary of the Tejon-Castac Water District, HEREBY DO CERTIFY that the foregoing Resolution No. 2021-02 was duly adopted at a regular meeting of the Board of Directors of the Tejon-Castac Water District on the 9th day of February, 2021, by the following roll call vote:

AYES: DIRECTORS:
NAYS: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAINED: DIRECTORS:

By: _____
Angelica Martin, Secretary,
Tejon-Castac Water District

EXHIBIT A

TEJON-CASTAC WATER DISTRICT

LOCAL GOALS AND POLICIES FOR COMMUNITY FACILITIES DISTRICTS (Adopted February 9, 2021)

I. INTRODUCTION. Section 53312.7(a) of the California Government Code requires that the Board of Directors of the Tejon-Castac Water District (the “Water District”) consider and adopt local goals and policies concerning the use of the Mello-Roos Community Facilities Act of 1982 (the “Act”), prior to the initiation of proceedings to establish a new community facilities district (“CFD”) under the Act. The following goals and policies are intended to satisfy the minimum requirements of the Act. These local goals and policies may be amended or supplemented by resolution of the Board of Directors of the Water District at any time.

II. GOALS. The Water District will consider the use of the Act for financing of public facilities and services in connection with development projects which are the subject of a written development agreement between a property owner and a public agency with land use jurisdiction over the area to be included in a CFD. Any request for a CFD which is not incident to such a development project will be considered on a case by case basis.

All Water District and noncontingent consultant costs incurred in the evaluation and establishment of new CFDs will be paid by the proponents of the CFD. The Water District shall use all reasonable efforts to not incur any expense for processing a CFD which is not eligible to be reimbursed from CFD bond proceeds. Expenses incurred by the Water District that are not chargeable to the CFD shall be borne by the proponent of the CFD.

III. ELIGIBLE PUBLIC FACILITIES AND SERVICES. The improvements eligible to be financed by a CFD must be owned by a public agency or public utility, and must have a useful life of at least five (5) years, except that the proceeds of CFD debt obligations may be used for facilities owned and operated by a privately-owned public utility. The development proposed within a CFD must have received any required legislative approvals such as zoning or specific plan approvals. A CFD shall not vest any rights to future land use on any properties, including those which are responsible for paying special taxes.

The list of eligible public facilities include, but are not limited to, the following:

- Streets
- Street lighting
- Traffic signals and safety lighting
- Landscaping on public property or in public easements
- Sanitary sewer facilities
- Storm drain facilities

- Flood control facilities
- Potable and reclaimed water facilities
- Utility relocations
- Elementary and secondary school sites and facilities
- Libraries
- Parks and recreational facilities
- Public utilities
- Cultural facilities
- Police and fire protection facilities
- Governmental facilities
- Fire Suppression

It is acknowledged that the Act permits the financing of fee obligations imposed by governmental agencies the proceeds of which fees are to be used to fund public capital improvements of the nature listed above.

The funding of public facilities to be owned and operated by public agencies other than the Water District shall be considered on a case-by-case basis. If the proposed facilities are consistent with approved land use plans for the property, the Water District shall consider entering into a joint community facilities agreement or joint powers agreement in order to finance these facilities.

CFDs may also be formed for the purpose of refinancing any fixed special assessment or other governmental lien on property, to the extent permitted under the Act.

The Water District will consider on a case-by-case basis CFDs established for the provision of services eligible to be funded under the Act. Eligible services are as specified in the Act.

IV. PRIORITIES FOR CFD FINANCING. Priority for CFD financing shall be given to public facilities which: (a) are necessary for development to proceed in an orderly fashion, or (b) are otherwise coordinated to correspond to the phasing of the related private development project. The Water District will attempt to schedule construction of CFD financed facilities in a manner such that private development will not occur ahead of the installation of public infrastructure necessary to support that development.

Subject to the conditions set forth in the Act, priority for public services to be financed by a CFD shall be given to services that are (i) necessary for the public health, safety and welfare, and (ii) would otherwise be paid from the general funds of the Water District. The Water District may finance services to be provided by another local agency if it determines that the public convenience and necessity require it to do so, although the Water District will prioritize financing for services to be provided by the Water District.

V. CREDIT QUALITY REQUIREMENTS FOR CFD BOND ISSUES. All CFD bond issues should have at least a three to one property value to public lien ratio after calculating the value of the financed public improvements to be installed, unless otherwise specifically approved by the Board of Directors as provided in Section 53345.8(b) or (c) of the Act. Property value may be based on either an appraisal or on assessed values as indicated on the County assessor's tax roll. The appraiser shall be selected by or otherwise acceptable to the Water District, and the appraisal shall be based on standards promulgated by the State of California and otherwise determined applicable by Water District staff and consultants. The public lien amount shall include the bond issue currently being sold plus any public indebtedness secured by a lien on real property currently existing against the properties to be taxed.

The Water District will require that all major land use approvals and governmental permits necessary for development be substantially in place relative to any CFD, before bonds may be issued.

In most cases, a reserve fund equal to the lesser of (i) ten percent of the original proceeds of the bond issue, (ii) the maximum annual debt service on the bonds, or (iii) one hundred twenty-five percent of the average annual debt service on the bonds will be required for all bond issues for CFDs where less than twenty-five percent of the buildable acreage has been developed. A smaller reserve fund may be required by the Water District for bond issues in CFDs where over twenty-five percent of the buildable acreage has been developed or as otherwise determined by the Board of Directors to be appropriate in the applicable circumstances.

Less than a three to one property value to public lien ratio, excessive tax delinquencies, or projects of poor economic viability may cause the Water District to disallow the sale of bonds or require credit enhancement prior to bond sale. The Water District may consider exceptions to the above policies for bond issues that do not represent an unusual credit risk, either due to credit enhancement or other specified reasons, and/or which otherwise provide extraordinary public benefits, to the extent permitted by and subject to any applicable requirements of the Act.

If the Water District requires letters of credit or other security, the credit enhancement shall be issued by an institution, in a form and upon terms and conditions satisfactory to the Water District. Any security required to be provided by the applicant may be discharged by the Water District upon the opinion of a qualified appraiser, retained by the Water District, that a value-to-lien ratio of three to one has been attained or based upon other criteria (such as diversity in ownership) specified by the Water District.

As an alternative to providing other security, the applicant may request that a portion of the bond proceeds be placed in escrow with a trustee or fiscal agent in an amount sufficient to assure a value-to-lien ratio of at least three to one on the outstanding proceeds. The portion of any bond proceeds held in escrow shall be subtracted from the principal amount of the bonds outstanding in determining the amount of the lien in respect of the value to lien ratio for the CFD. The proceeds shall be released at such times and such amounts as may be necessary to assure that the applicable credit criteria have been met.

VI. DISCLOSURE REQUIREMENTS FOR PROSPECTIVE PROPERTY PURCHASERS.

A. Disclosure Requirements for Developers. Developers who are selling lots or parcels that are within a CFD shall provide disclosure notice to prospective purchasers that complies with all of the requirements of Section 53341.5 of the Government Code. The disclosure notice must be provided to prospective purchasers of property at or prior to the time the contract or deposit receipt for the purchase of property is executed. Developers shall keep an executed copy of each disclosure document as evidence that disclosure has been provided to all purchasers of property within a CFD.

B. Disclosure Requirements for the Resale of Lots. The Water District Finance Department shall provide, or cause to be provided, a notice of special taxes to sellers of property (other than developers) which will enable them to comply with their notice requirements under Section 1102.6 of the Civil Code. This notice shall be provided by or on behalf of the Water District within five working days of receiving a written request for the notice. A reasonable fee may be charged for providing the notice, not to exceed any maximum fee specified in the Act.

C. Compliance With Federal Securities Laws. The Water District shall use all reasonable means to ensure compliance with applicable federal securities laws in connection with the issuance of debt and the provision of annual information regarding any CFD established by the Water District with respect to which bonds have been issued, including requiring any developer in a CFD who is material to the bond issue to enter into a continuing disclosure agreement or certificate requiring that appropriate information be transmitted to the Water District or its designee, or directly to a securities repository.

VII. EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES. Special tax formulas for CFDs shall provide for minimum special tax levels which satisfy the following expenses of a CFD: (a) 110 percent gross debt service coverage for all CFD bonded indebtedness, (b) the administrative expenses of the CFD, and (c) amounts equal to the differences between expected earnings on any escrow fund and the interest payments due on bonds of the CFD. Additionally, the special tax formula may provide for the following to be included in the annual special tax: (a) any amounts required to establish or replenish any reserve fund established in association with the indebtedness of the CFD, (b) the accumulation of funds reasonably required for future debt service, (c) amounts equal to projected delinquencies of special tax payments, (d) the costs of remarketing, credit enhancement and liquidity facility fees, (e) the cost of acquisition, construction, furnishing or equipping of facilities, (f) lease payments for existing or future facilities, (g) costs associated with the release of funds from an escrow account, and (h) any other costs or payments permitted by law.

The special tax formula shall be reasonable in allocating the CFD's payment obligations to parcels within the CFD. Exemptions from the special tax may be given to parcels which are publicly owned, are held by a property owners' association, are used for a public purpose such as open space or wetlands, are affected by public utility easements making impractical their utilization for other than the purposes set forth in the easements, or have insufficient value to support bonded indebtedness.

The total projected property tax levels for any CFD shall not exceed any maximum specified in the Act. The annual increase, if any, in the maximum special tax for any parcel shall not exceed any maximum specified in the Act. The increase in the special tax levied on any parcel as a consequence of delinquency or default by the owner of any other parcel shall not exceed any maximum specified in the Act.

Special taxes will only be levied on an entire County Assessor's parcel, and any allocation of special tax liability of a County Assessor's parcel to leasehold or possessory interest in the fee ownership of such County Assessor's parcel shall be the responsibility of the fee owner of such parcel and the Water District shall have no responsibility therefore and has no interest therein. Failure of the owner of any County Assessor's parcel to pay or cause to be paid any special taxes in full when due, shall subject the entire parcel to foreclosure in accordance with the Act.

VIII. APPRAISALS. The definitions, standards and assumptions to be used for appraisals shall be determined by Water District staff on a case-by-case basis, with input from Water District consultants and CFD applicants, and by reference to relevant materials and information promulgated by the State of California. The appraisal shall be coordinated by and under the direction of the Water District. All costs associated with the preparation of the appraisal report shall be paid by the entity requesting the establishment of the CFD, if applicable, through the advance deposit mechanism.

IX. TERMS AND CONDITIONS OF BONDS. The primary terms and conditions of any CFD bonds shall be approved by the Board of Directors of the Water District. The Water District will control, manage and invest all CFD issued bond proceeds. Each bond issue shall be structured to adequately protect bond owners and to not negatively impact the bonding capacity or credit rating of the Water District through the special taxes, credit enhancements, foreclosure covenant, and reserve funds.

All statements and material related to the sale of bonds shall emphasize and state that neither the faith, credit nor any taxing power of the Water District is pledged to security or repayment of the Bonds. The sole source of pledged revenues to repay CFD bonds are special taxes, bond proceeds and reserve funds held under the bond document, and the proceeds of foreclosure proceedings and additional security instruments provided at the time of bond issuance.

X. CFD COST DEPOSITS AND REIMBURSEMENTS. All Water District and consultant costs incurred in the evaluation of CFD applications and the establishment of CFDs will be paid by the entity, if any, requesting the establishment of the CFD by advance deposit increments. The Water District shall not incur any expenses for processing and administering CFDs that are not paid by the applicant or from CFD bond proceeds. In general, expenses not chargeable to the CFD shall be directly borne by the proponents of the CFD.

Any petition for formation of a CFD shall be accompanied by an agreement by the proponent of the CFD to pay for staff and consultant costs associated with CFD review and implementation. If additional funds are needed to off-set costs and expenses incurred by the Water District, the Water District shall make written demand upon the applicant for such funds. If the

applicant fails to make any deposit of additional funds for the proceedings, the Water District may suspend all proceedings until receipt of such additional deposit.

The Water District shall not accrue or pay any interest on any portion of any deposit refunded to any applicant or the costs and expenses reimbursed to an applicant. Neither the Water District nor the CFD shall be required to reimburse any applicant or property owner from any funds other than the proceeds of bonds issued by the CFD or special taxes levied in the CFD, and then only as permitted under the Act.

XI. USE OF CONSULTANTS. The Water District shall select all consultants necessary for the formation of the CFD and the issuance of bonds, including the underwriters, bond counsel, disclosure counsel, municipal advisor, appraiser and the special tax consultant. Prior consent of the applicant shall not be required in the determination by the Water District of the consulting and financing team.

XII. EXCEPTIONS TO THESE POLICIES. The Board of Directors of the Water District may find that a waiver to any of the above stated policies is reasonable given identified benefits to be derived from such waiver. Such waivers only will be granted by action of the Board of Directors.

RESOLUTION NO. 2021-03

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEJON-CASTAC WATER DISTRICT ACCEPTING PETITION, APPROVING ADVANCES/ REIMBURSEMENT AGREEMENT AND ENGAGING CONSULTANTS IN CONNECTION WITH A PROPOSED COMMUNITY FACILITIES DISTRICT

WHEREAS, Tejon Ranchcorp has submitted a Petition (Including Waivers) to the Board of Directors of the Tejon-Castac Water District (the "Water District") requesting that the Water District take action under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act") to form a community facilities district and improvement areas therein to include properties in the proposed Mountain Village development (the "CFD") and for the Authority to issue bonds for the CFD (the "Bonds") to finance public improvements necessitated by development occurring in such development, and Tejon Ranchcorp is willing to advance funds as necessary for the Water District to consider and process such request; and

WHEREAS, an Advances/Reimbursement Agreement (the "Agreement") has been prepared to provide for advances by Tejon Ranchcorp to pay such costs (the "Advances"), and the Board of Directors now desires to approve, and authorize the President to execute and deliver, the Agreement and to authorize the Treasurer to request and accept Advances thereunder as contemplated by the Agreement; and

WHEREAS, the Board of Directors of the Water District also desires to engage various consultants in order to conduct the proceedings necessary to consider the formation of the CFD, the designation of improvement areas therein and the issuance of Bonds.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Tejon-Castac Water District as follows:

Section 1. Acceptance of Petition. The Board of Directors hereby accepts the Petition of Tejon Ranchcorp requesting consideration by the Board of Directors of formation of the CFD, the designation of improvement areas therein and the issuance of Bonds. Notwithstanding the foregoing, or any other provision of this Resolution or of the Agreement, the Board of Directors is in no way obligated to form the CFD or to issue any Bonds, it being recognized that the CFD formation and the issuance of Bonds is required to be subject to the conduct by the Board of Directors of a public hearing and other proceedings under the Act.

Section 2. Approval of the Agreement. The Agreement, in the form on file with the Secretary, is hereby approved. The President is hereby authorized and directed to execute and deliver the Agreement in such form, together with such additions or changes thereto as the President, upon consultation with legal counsel to the Water District, shall approve.

Section 3. Advances Under the Agreement. The President and each other officer of the Water District is hereby authorized to request that Tejon Ranchcorp make Advances pursuant to the Agreement as necessary to pay the Initial Costs (as defined in the Agreement), to establish

such accounts and records as are necessary or appropriate in connection therewith, and to expend any such Advances for the purposes set forth in and as otherwise contemplated by the Agreement.

Section 4. Engagement of Special Tax Consultant. The Board of Directors hereby acknowledges receipt of the proposal of the firm of DTA to act as special tax consultant to the Water District for the CFD and the Bonds. The Board of Directors hereby authorizes and directs the President to execute and deliver an agreement with said firm for its services related to the CFD and any Bonds in the form on file with the Secretary; provided that the compensation to such firm under the agreement is payable from the Advances or the proceeds of Bonds.

Section 5. Engagement of Legal Counsel. The Board of Directors hereby acknowledges receipt of a proposed agreement for the firm of Quint & Thimmig LLP to act as legal counsel to the Authority for the formation of the proposed CFD and as bond and disclosure counsel for any Bonds. The Board of Directors hereby authorizes and directs the President to execute and deliver an agreement with said firm for its services related to CFD and the Bonds in the form on file with the Secretary; provided that the compensation to such firm under the agreement is payable from the Advances or the proceeds of the Bonds.

Section 6. Engagement of Municipal Advisor. The Board of Directors hereby acknowledges receipt of the proposal of the firm of Columbia Capital Management, LLC to act as municipal advisor to the Water District for the CFD and the Bonds. The Board of Directors hereby authorizes and directs the President to execute and deliver an agreement with said firm for its services related to the CFD in the form on file with the Secretary; provided that the compensation to such firm under the agreement is payable from the Advances or the proceeds of the Bonds.

Section 7. Designation of Underwriters. The Board of Directors hereby designates the firms of Stifel, Nicolaus & Company, Incorporated and Piper Sandler & Co., as underwriters for the first series of the Bonds to be issued for the CFD. The President and/or the Treasurer are each hereby authorized to acknowledge mandatory disclosures by such firms relative to their services.

Section 8. Further Actions. The President, Vice President, Treasurer, Secretary and all other officers of Authority are hereby authorized and directed to take such actions as are necessary or appropriate to process the request of Tejon Ranchcorp to form the CFD, to designate improvement areas therein and to issue the Bonds, and to present to this Board of Directors all resolutions necessary in connection therewith. However, nothing in this Resolution shall in any way commit the Board of Directors to form the CFD or to issue any Bonds; any such formation and Bond issuance to be considered for approval by separate resolutions of the Board of Directors consistent with the Act.

Section 9. Effective Date. This Resolution shall be effective upon its adoption.

PASSED, APPROVED AND ADOPTED, by the Board of Directors of the Tejon-Castac Water District, at a regular meeting held on the 9th day of February, 2021.

By: _____
Dennis Atkinson,
President

ATTEST:

By: _____
Angelica Martin,
Secretary

20035.01:J17171
2/2/21

STATE OF CALIFORNIA)
COUNTY OF KERN) ss
TEJON-CASTAC WATER DISTRICT)

I, Angelica Martin, Secretary of the Tejon-Castac Water District, HEREBY DO CERTIFY that the foregoing Resolution No. 2021-03 was duly adopted at a regular meeting of the Board of Directors of the Tejon-Castac Water District on the 9th day of February, 2021, by the following roll call vote:

AYES: DIRECTORS:
NAYS: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAINED: DIRECTORS:

By: _____
Angelica Martin, Secretary,
Tejon-Castac Water District

PETITION
(Including Waivers)
To Create a Community Facilities District and
With Respect to Related Matters
(Mountain Village)

To the Board of Directors
Tejon-Castac Water District
5665 Santa Elena Drive
Arvin, California 93203

Dear Directors:

This is a petition to create a community facilities district, and with respect to related matters, under Sections 53311 and following of the California Government Code (the "Act"), and the undersigned hereby states as follows:

1. Petitioners. This petition is submitted by Tejon Ranchcorp (the "Petitioner") as the fee title owner of the parcels of land identified on Exhibit A to this petition (the "Property"). By submitting this petition, the Petitioner warrants to the Tejon-Castac Water District (the "Water District") that the Petitioner is the fee title owner of such land and the undersigned is authorized to execute this petition for the Petitioner.

2. Proceedings Requested. Petitioner hereby requests that the Board of Directors of the Water District undertake proceedings under the Act to form a community facilities district to be designated Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements) (the "CFD"), to levy special taxes on the Property in the CFD and to authorize the issuance of special tax bonds for the CFD.

3. Boundaries of CFD. Petitioner hereby requests that the territory to be included in the boundaries of the CFD include the Property. The Petitioner expects that there will be several improvement areas designated within the CFD as determined by the Water District in accordance with the Act upon consultation with the Petitioner.

4. Purpose of CFD. Petitioner hereby requests that the CFD be created, the special taxes be levied and the bonds be issued to finance various public improvements generally identified on Exhibit B hereto, and other costs to be identified in the proceedings to form the CFD.

5. Election. Petitioner hereby requests that the special election to be held under the Act to authorize the special taxes and the issuance of the bonds and to establish an appropriations limit for the CFD be consolidated into a single election and that the election be conducted by the Water District and its officials, using mailed or hand-delivered ballots and that such ballots be opened and canvassed and the results certified at the same meeting of the Board of Directors of the Water District as the public hearings on the CFD under the Act or as soon thereafter as possible.

6. Waivers. To expedite the completion of the proceedings for forming the CFD, all notices of hearings and all notices of election, applicable waiting periods under the Act for any CFD or improvement area formation and bond proceedings and related election and all ballot analysis and arguments for any such election are hereby waived by the Petitioner.

This petition is dated February 9, 2021.

The name of the owner of record of the
Property and the Petitioner is:

Tejon Ranchcorp, a California corporation

By: _____
Hugh McMahon,
Executive Vice President-
Real Estate

Address:

Tejon Ranchcorp
4436 Lebec Road
Lebec, CA 93243

Attention: Hugh McMahon,
Executive Vice President-
Real Estate

EXHIBIT A

**PROPOSED
TEJON-CASTAC WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)**

**KERN COUNTY ASSESSOR'S PARCEL NUMBERS
OF PROPERTY TO BE INCLUDED IN THE CFD**

255-630-14	255-700-27	255-720-16
255-680-01	255-700-28	255-720-17
255-680-12	255-700-29	255-730-01
255-680-13	255-700-30	255-730-02
255-680-14	255-700-31	255-730-04
255-680-15	255-700-35	255-730-05
255-690-01	255-700-36	255-730-09
255-690-09	255-700-37	255-730-10
255-690-10	255-700-38	255-730-11
255-690-19	255-700-41	255-730-12
255-690-22	255-700-42	255-740-02
255-690-23	255-710-01	255-740-05
255-690-24	255-710-05	255-740-06
255-690-25	255-710-10	255-740-07
255-700-01	255-710-11	255-740-08
255-700-04	255-710-12	255-740-15
255-700-07	255-710-13	255-690-20
255-700-08	255-710-14	255-690-21
255-700-09	255-720-01	255-690-26
255-700-10	255-720-02	255-690-30
255-700-11	255-720-03	255-700-14
255-700-16	255-720-04	255-700-15
255-700-17	255-720-05	255-700-21
255-700-18	255-720-06	255-700-39
255-700-20	255-720-07	255-700-43
255-700-22	255-720-08	255-700-44
255-700-23	255-720-09	255-700-45
255-700-25	255-720-10	255-720-14
255-700-26	255-720-15	

EXHIBIT B

PROPOSED TEJON-CASTAC WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2021-1 (MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)

GENERAL DESCRIPTION OF PUBLIC IMPROVEMENTS TO BE FINANCED

The following improvements within, in the vicinity of, or otherwise necessitated by development occurring within the area to be included within the CFD:

- Water treatment facilities to include potable water storage tanks, treatment plant, pipeline system potable, pipeline system raw water, raw water storage tanks.
- Waste water treatment plant and facilities, including sewer pipe lines and appurtenances.
- Storm drainage facilities.
- Reclaimed water systems to include pipe lines and storage facilities.
- Intersection and interchange improvements.
- Public roadways and appurtenances.
- Fire stations, including a helipad, and a sheriff station and related appurtenances.

ADVANCES/REIMBURSEMENT AGREEMENT
related to a proposed
Tejon-Castac Water District
Community Facilities District No. 2021-1
(Mountain Village Public Improvements)

THIS ADVANCES/REIMBURSEMENT AGREEMENT (the "Agreement") is by and between the Tejon-Castac Water District (the "Water District") and Tejon Ranchcorp (the "Company").

RECITALS:

WHEREAS, the Company has requested that the Water District consider the formation of a community facilities district and improvement areas therein (collectively, the "CFD") and, at a later date, the issuance of bonds for the CFD or one or more of such improvement areas (the "Bonds"), all pursuant to Sections 53311 *et seq.* of the California Government Code (the "Act") in connection with the development of the area known as Mountain Village; and

WHEREAS, the Company is willing to advance funds to the Water District or to its agents and consultants as necessary to ensure payment of the costs of the Water District in forming the CFD and establishing improvement areas therein and, at a later date, in connection with the issuance of Bonds for the CFD, and the proposed expenditure of the proceeds thereof, provided that any such funds so advanced are reimbursed to the Company from the proceeds of any Bonds issued by the Water District for the CFD or the improvement areas to the extent provided herein; and

WHEREAS, the Water District and the Company now desire to specify the terms of said advances of funds and reimbursement.

AGREEMENT:

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants set forth herein, and for other consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. The Advances. The Company hereby agrees to advance any amounts (collectively, the "Advances") as necessary to pay any Initial Costs (as described in Section 2 below) incurred or reasonably expected to be incurred by the Water District, promptly upon written demand therefor by an officer of the Water District, said Advances to be made to the Water District or directly to the Water District's consultants as specified by such officer in writing to the Company. In the event that the Company shall fail or refuse to remit any such amounts to or at the direction of an officer of the Water District, all processing by the Water District of

the proceedings for the formation of the CFD and the issuance of any Bonds shall cease until such time as the amounts so requested are paid by the Company.

Section 2. Use of Funds. The Advances shall be requested and used as follows:

(A) The Water District shall from time to time make demand upon the Company for Advances to pay the Initial Costs, including but are not limited to: (i) the fees and expenses of any consultants to the Water District employed in connection with the formation of the CFD, the establishment of improvement areas therein, the provision of a rate and method of apportionment of special taxes for each improvement area, the furnishing of a boundary map for the CFD, the preparation of an acquisition agreement and joint community facilities agreements for the CFD, and costs of publication of notices, preparation and mailing of ballots and other costs related to any election with respect to the CFD or any improvement area of the CFD, the rate and method of apportionment of the special taxes to be levied therein and any bonded indebtedness thereof, as well as a charge for public agency staff time in analyzing the CFD and reviewing and processing documents related to the foregoing; and (ii) when the Water District considers the issuance of Bonds for the CFD or an improvement area therein: (a) the fees and expenses of any consultations to the Water District employed in connection with the issuance of the Bonds and the proposed expenditure of the proceeds thereof (such as engineering, legal counsel, including the counsel to the Water District, Bond Counsel, Disclosure Counsel, municipal advisor and other financing and special tax consultants); (b) the costs of appraisals, market absorption and feasibility studies and other reports necessary or deemed advisable by Water District officers or consultants in connection with the Bonds; and (c) costs of public agency representatives and consultants in analyzing the Bonds and the expenditure of the proceeds thereof; and (iii) in any event, any and all other actual costs and expenses incurred by the Water District with respect to the CFD, any improvement areas therein or the Bonds.

(B) If Bonds are issued under the Act by the Water District secured by special taxes levied upon the land within the CFD or an improvement area therein, the Water District shall provide for reimbursement to the Company, without interest, of all Advances theretofore made by the Company, said reimbursement to be made solely from the proceeds of the Bonds and only to the extent otherwise determined by Bond Counsel to the Water District to be permitted under the Act. On or within ten (10) business days after the date of issuance and delivery of Bonds, the Water District shall return any then unexpended Advances to the Company, without interest, together with an amount equal to the Advances theretofore expended, without interest, to the extent such reimbursable amount is funded with proceeds of the Bonds and said reimbursement is otherwise determined by Bond Counsel to the Water District to be permitted under the Act.

(C) If the CFD is not formed, the Water District shall, within ten (10) business days after adoption of the resolution stating the intent of the Water District to terminate proceedings under the Act with respect to the formation of the CFD and confirmation that all Initial Costs theretofore incurred by the Water District have been paid in full, return any then unexpended Advances to the Company, without interest, less an amount equal to any Initial Costs incurred by

the Water District or that the Water District is otherwise committed to pay, which costs would be subject to payment under Section 2(a) above but have not yet been so paid.

Section 3. Reimbursement of Other Company Costs. Nothing contained herein shall prohibit reimbursement of other costs and expenses of the Company or any successor in interest thereto with respect to the land in the CFD incurred in connection with the CFD or an improvement area therein from the proceeds of Bonds, including, but not limited to fees and expenses of legal counsel to the Company. Any such reimbursement shall be made solely from the proceeds of Bonds and only to the extent otherwise permitted under the Act and otherwise provided for, at the reasonable discretion of the Water District, in the proceedings for the issuance of the Bonds.

Section 4. Agreement Not Debt or Liability of the Water District. It is hereby acknowledged and agreed that this Agreement is not a debt or liability of the Water District, as provided in Section 53314.9(b) of the Act. The Water District shall not in any event be liable hereunder other than to return the unexpended and uncommitted portions of the Advances as provided in Section 2 above and provide an accounting under Section 7 below. The Water District shall not be obligated to advance any of its own funds with respect to the CFD or for any of the other purposes listed in Section 2(A) hereof. No member of the Board of Directors of the Water District or officer, employee or agent of the Water District shall to any extent be personally liable hereunder.

Section 5. No Obligation to Form CFD or to Issue Bonds. The provisions of this Agreement shall in no way obligate the Water District to form the CFD, to issue any Bonds, or to expend any of its own funds in connection with the CFD or the Bonds.

Section 6. Severability. If any part of this Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Agreement shall be given effect to the fullest extent reasonably possible.

Section 7. Accounting. The Water District shall provide the Company with a written accounting of Advances expended under this Agreement within ten (10) business days of receipt by the Water District of a written request therefor submitted by an authorized officer of the Company. No more than one accounting will be provided in any calendar month and the cost of providing the accounting shall be considered to be an Initial Cost.

Section 8. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Section 9. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original.

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the day and year written alongside their signature line below.

Executed on: February 9, 2021

TEJON RANCHCORP

By: _____
Hugh McMahon,
Executive Vice President-
Real Estate

Executed on: February 9, 2021

TEJON-CASTAC WATER DISTRICT

By: _____
Dennis Atkinson,
President

20035.01:J17168

AGREEMENT FOR CONSULTING SERVICES

THIS AGREEMENT is made and entered into this 9th day of February, 2021, by and between Tejon-Castac Water District at 5665 Santa Elena Drive, Arvin, CA, 93203, herein called "Client," and DTA at 5000 Birch Street, Suite 3000, Newport Beach, CA 92660, herein after called "Consultant." The Client and the Consultant in consideration of the mutual promises and conditions herein contained agree as follows.

ARTICLE I **DISCLOSURES AND TERM OF CONTRACT**

Section 1.1 As of the date of this Agreement, there are no actual or potential conflicts of interest that DTA is aware of that might impair its ability to render unbiased and competent advice or to fulfill its fiduciary duty. If DTA becomes aware of any potential conflict of interest that arise after this disclosure, DTA will disclose the detailed information in writing to the Client in a timely manner.

Section 1.2 DTA, a Securities and Exchange Commission ("SEC") and MSRB registered firm, does not have any legal events and disciplinary history on its Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. The Client may electronically access DTA's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website:

<https://www.sec.gov/edgar/searchedgar/companysearch.html>

Section 1.3 This agreement shall become effective on the date stated above and will continue in effect until the earlier of (i) that day when the services provided for herein have been performed or (ii) until terminated as provided in Article 6 below.

ARTICLE II **SERVICES TO BE PERFORMED BY CONSULTANT**

Section 2.1 Consultant agrees to perform the professional services for the Client for the formation of the Mountain Village CFD, herein after called "Project," in accordance with the applicable professional standard of care and to deliver the work products to the Client as described in the Scope of Work statement attached as Exhibit "A" hereto. Such professional services and work products, as from time to time modified in accordance with Section 2.3 hereof, are collectively referred to as the "Consulting Services."

Section 2.2 Instruments of Service. All computer software (including without limitation financial models, compilations of formulas and spreadsheet models), inventions,

designs, programs, improvements, processes and methods (collectively, the "Proprietary Models"), reports, drawings, specifications, computer files, field data, notes and other documents and instruments prepared by Consultant are Instruments of Service of Consultant and shall remain the property of Consultant. Consultant shall likewise retain all common law, statutory and other reserved rights, including the copyright thereto. Client acknowledges and agrees that the consideration paid by Client herein only entitles Client to a license to use the hard copy or electronically transmitted reports generated pursuant to the Consulting Services and that any Proprietary Model that Consultant uses to generate such reports is owned by, or is duly licensed from a third party to Consultant and is not being provided to Client hereunder. The reports and models used to generate such reports are for use on this Project only. The Client shall not reuse or make any modification to the hard copy or electronically transmitted reports generated pursuant to the Consulting Services without the prior written authorization of the Consultant. The Client agrees, to the fullest extent permitted by law, to indemnify and hold harmless the Consultant, its shareholders, officers, directors, employees and subconsultants (collectively, Consultant's) against any damages, liabilities or costs, including reasonable attorneys' par fees and defense costs, arising from or allegedly arising from or in any way connected with the unauthorized use, reuse or modification of the hard copy or electronically transmitted reports generated pursuant to the Consulting Services or any of Consultant's Instruments of Service, including models, by the Client or any person or entity that acquires or obtains the reports from or through the Client without the written authorization of the Consultant. Client acknowledges that Consultant may have used reports and analyses that Consultant authored for other clients as base works or templates for the reports and analyses prepared for Client pursuant to this Agreement, and Client acknowledges and agrees that Consultant has the right to use the reports and analyses that it authors pursuant to this Agreement as base works or templates for reports and analyses that Consultant authors for Consultant's other clients, provided, however that Consultant shall not use any confidential information provided by Client in such future reports and analyses. Client further acknowledges and agrees that Consultant has spent substantial time and effort in collection and compiling data and information (the "Data Compilations") in connection with the Consulting Services and that such Data Compilations may be used by Consultant for its own purposes, including, without limitation, sale or distribution to third parties; provided, however, that Consultant will not sell or distribute any of Client's confidential information that may be contained in such Data Compilations, unless such confidential information is used only on an aggregated and anonymous basis. In addition, other than for Consultant's use in completing the scope of work, no information provided by Client will be disseminated to other outside parties without Client's approval.

Section 2.3 Any proposed changes in the Consulting Services hereunder shall be submitted to the other party hereto, and any such changes agreed to by the parties shall be reflected in an amendment to Exhibit "A" in accordance with Section 7.2 hereto.

Section 2.4 Nothing in this Agreement shall give the Consultant possession of authority with respect to any Client decision beyond the rendition of information, advice, recommendation or counsel.

ARTICLE III **COMPENSATION**

Section 3.1 Client agrees to pay Consultant for its Consulting Services in accordance with this Agreement, a professional fee computed according to the Professional Fee Schedule attached as Exhibit "B" hereto and incorporated herein by reference (the "**Fee Schedule**"). Client acknowledges and agrees that portions of Consultant's professional fees and expenses may have been incurred by Consultant prior to the execution of this Agreement (the "**Pre-Agreement Fees**") and Client agrees to pay such Pre-Agreement Fees in accordance with this Agreement.

Section 3.2 The Client shall reimburse the Consultant for out-of-pocket and administrative expenses by paying a charge equal to 3% of DTA's monthly billings. Expenses shall include all actual expenditures made by Consultant in the performance of any Consulting Services undertaken pursuant to the Agreement, including, without limitation, the following expenditures:

- (a) Cost of clerical assistance at \$75.00 per hour, including typing, collation, printing and copying, plus copier and photography costs, including photographic reproduction of drawings and documents.
- (b) Transportation costs, including mileage for the use of personal automobiles at the prevailing IRS standard rate, rental vehicles, lodging and regularly scheduled commercial airline ticket costs.
- (c) Courier services, facsimile, and telephone expenses.

Section 3.3 On or about the first two weeks of each month during which Consulting Services are rendered hereunder, Consultant shall present to Client an invoice covering the current Consulting Services performed and the reimbursable expenses incurred pursuant to this Agreement and exhibits thereto. Such invoices shall be paid by Client within thirty (30) days of the date of each invoice. A 1.2% charge may be imposed against accounts which are not paid within 30 days of the date of each invoice.

Section 3.4 The maximum total fee amount set forth in Exhibit "B" may be increased as a result of any expansion of the Consulting Services to be rendered hereunder pursuant to Section 2.3 or as provided in Exhibit "A" hereto.

Section 3.5 Records of the Consultant's costs relating to (i) Consulting Services performed under this Agreement and (ii) reimbursable expenses shall be kept and be available to the Client or to Client's authorized representative at reasonable intervals during normal business hours.

ARTICLE IV
OTHER OBLIGATIONS OF CONSULTANT

Section 4.1 Consultant agrees to perform the Consulting Services in accordance with Exhibit "A" and the applicable standard of care. Should any errors caused by Consultant's negligence be found in such services or products, Consultant will correct them at no additional charge by revising the work products called for in Exhibit "A" to eliminate the errors.

Section 4.2 Consultant will supply all tools and instrumentalities required to perform the Consulting Services under the Agreement.

Section 4.3 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by Consultant without the prior written consent of Client. However, Consultant may subcontract portions of the work to be performed hereunder to other persons or concerns provided Consultant notifies Client of the name and address of said proposed subcontractor and Client either consents or fails to respond to notification with respect to the use of any particular proposed subcontractor.

Section 4.4 In the performance of its Consulting Service hereunder, Consultant is, and shall be deemed to be for all purposes, an independent contractor (and not an agent, officer, employee or representative of Client) under any and all laws, whether existing or future. Consultant is not authorized to make any representation, contract or commitment on behalf of Client.

Section 4.5 Neither this Agreement, any duties or obligations under this Agreement, nor the intentions or expectations of Client will cause the Consultant to be a "public official" as that term is used in Section 87100 of Title 9 of the California Government Code. Client and Consultant agree that Consultant is not a "public official" or "participating in governmental decision" as those terms are used in Section 87100. The Client and Consultant also agree that no actions and opinions necessary for the performance of duties under the Contract will cause the Consultant to be a "public official" or "participating in a governmental decision" as those terms are used in Section 87100.

ARTICLE V
OTHER OBLIGATIONS OF CLIENT

Section 5.1 The Client shall provide full information in a timely manner regarding requirements for and limitations on the Project. Client agrees to comply with all reasonable requests of Consultant and provide access to all documents reasonably necessary to the performance of Consultant's duties under this Agreement with the exception of those documents which Exhibit "A" calls upon the Consultant to prepare.

Section 5.2 Neither this Agreement nor any duties or obligations under this Agreement may be assigned by Client without the prior written consent of Consultant.

Section 5.3 Consultant frequently is retained by developers, landowners, and other persons and concerns interested in development projects which often eventually lead to the preparation on a contract basis by Consultant of preliminary tax spread models for government agencies to determine tax rates and other matters necessary to accomplish various improvements to realty for financing under a Mello-Roos or other financing programs. In light of the foregoing, Client will determine whether or not it is appropriate to conduct a "significant substantive review" or a "significant intervening substantive review" of Consultant's activities conducted pursuant to this Agreement as such terms are defined in Section 18700(c)h of Title 2 of the California Administrative Code. Should Client elect to conduct such a substantive review, then Client shall determine whether it has sufficient expertise on staff to conduct such a review, and, if not, will retain an independent expert consultant to review Consultant's work. Thereafter, Client shall conduct such review, or cause such independent review to be conducted, prior to the making of any governmental decision relating to the matters contained within the Scope of Work described in Exhibit "A". The parties do not intend and nothing in this Section 5.3 is meant to imply that Consultant is a "public official," "participating in a governmental decision," or has a "financial interest" in the services provided as such terms are used in Section 87100 of Title 9 of the California Governmental Code.

Section 5.4 The Client shall provide prompt written notice to the Consultant if the Client becomes aware of any fault or defect in the Project, including any errors, omissions or inconsistencies in the Consultant's Instruments of Service.

Section 5.5 Client, public agencies, landowners, consultants and other parties dealing with Client or involved in the subject development project referred to in Exhibit "A" will be furnishing to Consultant various data, reports, studies, computer printouts and other information and representations as to the facts involved in the project which Client understands Consultant will be using and relying upon in preparing the reports, studies, computer printouts and other work products called for by Exhibit "A." Consultant shall not be obligated to establish or verify the accuracy of the information furnished by or on behalf of Client, nor shall Consultant be responsible for the impact or effect on its work products of the information furnished by or on behalf of Client, in the event that such information is in error and therefore introduces error into Consultant's work products.

Section 5.6 Indemnity by Client. Client agrees to defend, indemnify and hold Consultant harmless from and against all obligations, losses, liabilities, damages, claims, attachments, executions, demands, actions and/or proceedings (collectively, "Claims") and all costs and expenses in connection therewith, including reasonable attorneys' fees, arising out of or connected with the performance of Consultant's Consulting Services under this Agreement, except as may arise from Consultant's willful misconduct or gross negligence. In that regard, Client will indemnify and hold Consultant harmless from any Claims arising from, growing out of, or in any way resulting from, errors contained in data or information

furnished by Client or Client's designee to Consultant for use in carrying out the Consulting Services called for by this agreement. If for any reason the indemnification under this Section 5.6 is unavailable to Consultant or insufficient to hold it harmless, then the Client shall contribute to the amount paid or payable by Consultant as a result of such loss, liability, damage, claim, demand, action or proceeding in such proportion as is appropriate to reflect not only the relative benefits received by the Client on the one hand and Consultant on the other hand but also the relative fault of the Client and Consultant as well as any relevant equitable considerations; provided that Consultant's contribution obligations hereunder shall in no event exceed the amounts received by Consultant under this Agreement.

Section 5.7 In the event that court appearances, testimony or depositions are required of Consultant by Client in connection with the services rendered hereunder, Client shall compensate Consultant at a rate of \$400 per hour and shall reimburse Consultant for out-of-pocket expenses on a cost basis.

ARTICLE VI **TERMINATION OF AGREEMENT**

Section 6.1 Either party may terminate or suspend this Agreement upon thirty (30) days written notice. Unless terminated as provided herein, this Agreement shall continue in force until the Consulting Services set forth in Exhibit "A" have been fully and completely performed and all proper invoices have been rendered and paid.

Section 6.2 Should either party default in the performance of this Agreement or materially breach any of its provisions, the other party at its option may terminate this Agreement by giving written notification to the defaulting party. Such termination shall be effective upon receipt by the defaulting party, provided that the defaulting party shall be allowed ten (10) days in which to cure any default following receipt of notice of same.

Section 6.3 In the event of any termination that is not the fault of the Consultant, the Client shall pay the Consultant, in addition to payment for services rendered and reimbursable costs incurred, for all expenses reasonably incurred by the Consultant in connection with the orderly termination of this Agreement, including but not limited to demobilization, reassignment of personnel, associated overhead costs and all other expenses directly resulting from the termination, plus an amount for the Consultant's anticipated profit on the value of the services not performed by the Consultant.

Section 6.4 Suspension and Termination for Non-Payment. (i) In addition to any other provisions in this Agreement regarding breach of the Agreement, if the Client fails to make payments when due, the Consultant may suspend performance of services upon ten (10) calendar days' notice to the Client. The Consultant shall have no liability whatsoever to the Client for any costs or damages as a result of such suspension caused by any breach of this Agreement by the Client. Upon payment in full by the Client, the Consultant shall resume services under this Agreement, and the time schedule and compensation shall be

equitably adjusted to compensate for the period of suspension plus any other reasonable time and expense necessary for the Consultant to resume performance. (ii) If the Client fails to make payment to the Consultant in accordance with the payment terms herein, and/or Client has failed to cure its breach or default following a suspension of services as set forth above, this shall constitute a material breach of this Agreement and shall be cause for termination of this Agreement by the Consultant upon seven (7) days written notice to the Client. (iii) Payment of invoices shall not be subject to any discounts or set-offs by the Client, unless agreed to in writing by the Consultant. Payment to the Consultant for services rendered and expenses incurred shall be due and payable regardless of any subsequent suspension or termination of this Agreement by either party.

Section 6.5 The covenants contained in Sections 3.1, 3.2, 4.4, 5.3, 5.4, 5.5, 5.6 and all of Article VII shall survive the termination of this Agreement.

ARTICLE VII GENERAL PROVISIONS

Section 7.1 Any notices to be given hereunder by either party to the other may be affected either by personal delivery in writing or by mail. Mailed notices shall be addressed to the parties at the addresses appearing in the introductory paragraph of this Agreement, but each party may change the address by written notice in accordance with the first sentence of this Section 7.1. Notices delivered personally will be deemed communicated as of actual receipt. Mailed notices will be deemed communicated as of two (2) days after mailing.

Section 7.2 This Agreement and exhibits hereto supersede any and all agreements, either oral or written, between the parties hereto with respect to the rendering of service by Consultant for Client and contains all of the covenants and agreements between the parties with respect to the rendering of such services. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement (including any exhibit hereto) will be effective if it is in writing and signed by the party against whom it is sought to be enforced.

Section 7.3 If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

Section 7.4 Disputes. The parties agree to first try in good faith to settle the dispute by mediation pursuant to the Mediation Rules of the American Arbitration Association. If the claim or controversy is not settled by mediation, the claim or controversy may be resolved by final and binding arbitration. On the written request of one party served on the

other, the dispute shall be submitted to binding arbitration in accordance with the commercial rules and regulations of the American Arbitration Association and the provisions of the California Arbitration Act (Sections 1280 through 1294.2 of the California Code of Civil Procedure). The arbitration shall take place in Newport Beach, California, or such other location mutually agreed to by the parties.

The arbitrator(s) shall be selected as follows: In the event that Consultant and Client agree on one arbitrator, the arbitration shall be conducted by such arbitrator. In the event Consultant and Client do not so agree, Consultant and Client shall each select an arbitrator and the two arbitrators so selected shall select the third arbitrator. If there is more than one arbitrator, the arbitrators shall act by majority vote. The parties may propose arbitrators from JAMS, ADR, ARC or any independent arbitrator/neutral for dispute resolution. The parties are not required to hire a AAA arbitrator for resolution of a dispute hereunder.

No arbitration shall include by way of consolidation or joinder any parties or entities not a party to this Agreement without the express written consent of the Client, the Consultant and any party or entity sought to be joined with an express reference to this provision. Any party or entity joined in the arbitration, after mutual consent, shall be bound by this provision.

The decree or judgment of an award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

Section 7.5 The prevailing party in any arbitration or legal action brought by one party against the other and arising out of this Agreement shall be entitled, in addition to any other rights and remedies it may have, to reimbursement for its expenses, including court costs and reasonable attorneys' fees. The non-prevailing party shall be liable, to the extent allowable under law, for all fees and expenses of the arbitrator(s) and all costs of the arbitration.

Section 7.6 This Agreement will be governed by and construed in accordance with the laws of the State of California.

Section 7.7 Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Client or the Consultant. The Consultant's services under this Agreement are being performed solely for the Client's benefit, and no other party or entity shall have any claim against the Consultant because of this Agreement or the performance or nonperformance of services hereunder.

Section 7.8 Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, neither the Consultant nor the Client, their respective officers, directors, partners, employees, contractors or subconsultants shall be liable to the other for, or shall make, any claim for any incidental, indirect or consequential damages arising out of or connected in any way to the Project or to this Agreement. This mutual waiver of consequential damages shall include, but is not limited to, loss of use, loss of profit, loss of business, loss of income, loss of reputation or any other consequential damages that

either party may have incurred from any cause of action including negligence, strict liability, breach of contract and breach of strict or implied warranty.

Section 7.9 It is intended by the parties to this Agreement that the Consultant's services in connection with the Project shall not subject the Consultant's individual shareholders, officers, directors, members, managers or employees to any personal legal exposure for the risks associated with this Project. Therefore, and notwithstanding anything to the contrary contained herein, Client agrees that as Client's sole and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against Consultant and not against any of the individual shareholders, officers, directors, members, managers or employees.

Section 7.10 Limitation of Liability – for available insurance: In recognition of the relative risks and benefits of the Project to both the Client and the Consultant, the risks have been allocated such that the Client agrees, to the fullest extent permitted by law, to limit the liability of the Consultant to the Client for any and all claims, losses, costs, damages of any nature whatsoever or claims expenses from any cause or causes, including attorneys' fees and costs and expert-witness fees and costs, so that the total aggregate liability of the Consultant to the Client shall not exceed the sum of insurance coverage available at the time of settlement or judgment. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising, except for Consultant's willful misconduct or unless otherwise prohibited by law.



IN WITNESS WHEREOF, this Agreement has been executed on the date and year first above written.

CONSULTANT:
David Taussig and Associates, Inc.
d/b/a DTA

CLIENT:
Tejon-Castac Water District

By: _____
David Taussig, President

By: _____

Date: _____

Date: _____

SCOPE OF WORK

David Taussig & Associates, Inc. shall provide special tax consulting services, as described in the tasks below, necessary to assist Client in the formation of a new CFD known as "Mountain Village" (the "Project"). It is our understanding that there will be two improvement areas included at the time of CFD formation and additional improvement areas will be designated as development in the CFD progresses. Please note that this is a typical work flow for CFD formation, but such tasks may be modified based on the actual project details for the Project.

TASK 1 KICK-OFF MEETING

Attend an initial meeting to discuss the scope of work, proposed schedule, and to identify any other issues prior to beginning work.

TASK 2 RESEARCH

Gather the necessary data from Client with the assistance of DTA. Client is responsible for providing and verifying data describing types of development, improved property values, net taxable acreage, and the estimated cost of the facilities proposed to be financed. DTA shall rely on such data provided by the Client and shall not be responsible for verifying its accuracy. DTA shall also compile assessor's data for the project area.

TASK 3 PRELIMINARY TAXSPREAD

Prepare initial spread of special taxes (the "Tax Spread") by improvement area based on land use, building square footage, and/or acreage as obtained through Task 2 above. Calculate special taxes to support proposed bond issues/project costs. DTA may recommend alternative techniques to apportion special taxes to enhance project feasibility.

TASK 4 RATE AND METHOD OF APPORTIONMENT

Prepare the Rate and Method of Apportionment of Special Tax (the "RMA") which describes the methodology used to calculate the annual special tax levy for the improvement areas. DTA shall work with Client staff to modify the RMA as needed.

TASK 5 PUBLIC REPORT

Prepare the Public Report, as described in Section 53321.5 of the California Government Code, containing descriptions of the proposed services, their estimated costs, and maximum annual special tax rates.

TASK 6 DOCUMENT REVIEW AND PREPARATION

Assist Client with the preparation of required documents, including the Resolution of Intention, Resolution of Formation, ballot materials, and related items.



TASK 7 VERBAL CONSULTING SERVICES

Provide verbal consulting services and advice to Client and other Project Developers regarding the special tax and apportionment methodology during the period in which Tasks 1 through 6 are being completed.

TASK 8 COORDINATION

DTA shall attend up to two (2) meetings to discuss or present the Tax Spread, Rate and Method of Apportionment of Special Tax, Public Report, or other items prepared by DTA. DTA shall also participate on conference calls as needed.

TASK 9 PREPARATION OF BOUNDARY MAP

This task entails the preparation of the initial CFD boundary map pursuant to the requirements of the Mello-Roos Act and the County Recorder's Office, assuming that computerized base maps are provided by Client. The boundary map will include the boundaries for improvement areas identified at the time of CFD formation. Record map at the County Recorder's office and distribute copy of recorded map to the project team.

FEE SCHEDULE

Subject to the Limitations section listed below, Consultant shall perform tasks listed under Scope of Work, as requested by Client, until fees equal \$45,000 (excluding expenses).

DTA would be remunerated for services rendered based on the hourly rates listed below, with invoices being submitted to Client on a monthly basis.

Hourly Rates

Managing Director	\$230/Hour
Vice President	\$220/Hour
Manager	\$195/Hour
Senior Associate II	\$175/Hour
Senior Associate I	\$155/Hour
Associate II	\$145/Hour
Associate I	\$135/Hour
Research Associate II	\$115/Hour
Research Associate I	\$110/Hour

Out-of-pocket and administrative expenses shall be equal to 3% of DTA's billings for labor, plus clerical time @ \$75 per hour and any outside vendor payments, not to exceed a total of \$1,500. On or about the first two weeks of each month during which Consulting Services are rendered hereunder, DTA shall present to Client an invoice covering the current Consulting Services performed and the reimbursable expenses incurred pursuant to the agreement and exhibits thereto. Such invoices shall be paid by Client within thirty (30) days of the date of each invoice. A 1.2% monthly charge may be imposed against accounts which are not paid within thirty (30) days of the date of each invoice.

Limitations

Any additional tasks assigned by Client if the total fee listed above has been exceeded shall be charged at the hourly rates listed above. Additional fees may be required if the CFD is not formed within 9 months, or if more than two improvement areas are created/identified. An excessive number of meetings (more than two), tax spread computer runs (more than fifteen), may also require additional fees if the total fee has been exceeded. Work associated with the establishment of additional improvement areas, sale of bonds, or annual administration will be considered additional work. Such additional fees shall be added to the "Total Fee" amounts listed above.

AGREEMENT FOR LEGAL SERVICES

BY AND BETWEEN THE
TEJON-CASTAC WATER DISTRICT
AND QUINT & THIMMIG LLP, FOR BOND COUNSEL SERVICES IN
CONNECTION WITH CFD FORMATION AND BOND PROCEEDINGS
- MOUNTAIN VILLAGE

THIS AGREEMENT FOR LEGAL SERVICES is entered into this 9th day of February, 2021, by and between the TEJON-CASTAC WATER DISTRICT (the "Water District") and QUINT & THIMMIG LLP, Larkspur, California ("Attorneys").

RECITALS:

WHEREAS, the Water District is undertaking proceedings to form the Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements) (the "CFD") under the Mello-Roos Community Facilities Act of 1982 for the purpose of providing funds to finance public improvements necessitated by the development of the Mountain Village project in the County of Kern; and

WHEREAS, the Water District may, in the future, consider the issuance of bonds in one or more series (the "Bonds") for the purpose of providing financing for the facilities that are expected to be authorized to be funded by the CFD; and

WHEREAS, in connection with such CFD formation and possible financing, the Water District requires the advice and assistance of formation counsel, bond counsel and disclosure counsel.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter set forth, the parties hereto do hereby agree as follows:

Section 1. Duties of Attorneys. (a) *Formation Counsel Services.* Attorneys shall do, carry out and perform all of the following services as are necessary for the formation of the CFD:

(i) Consultation and cooperation with Water District staff, the municipal advisor to the Water District, the special tax consultant for the Water District for the CFD and the owner of the property in the proposed CFD with respect to the formation of the CFD, and assisting such persons in the formation of the CFD.

(ii) Preparation of all legal proceedings deemed necessary or advisable by Attorneys for the formation of the CFD; including preparation of a property owner petition

and ballot, and all resolutions and ordinances required to form the CFD and to authorize the levy of special taxes in the CFD.

(iii) Legal consultation requested by the Water District concerning the CFD and any resolutions, ordinances and other documents prepared by Attorneys relating to the formation of the CFD.

(iv) Attorneys shall perform such other and further services as are customarily performed by CFD formation counsel in similar circumstances.

(b) *Bond Counsel Services.* Attorneys shall do, carry out and perform all of the following services as are necessary for the issuance of the Bonds:

(i) Consultation and cooperation with the President, Treasurer and Secretary of the Water District, with representatives of Tejon Ranchcorp, and with the special tax consultant, the municipal advisor and other professional firms engaged by the Water District with respect to the issuance of the Bonds, and assisting such persons in the formulation of a coordinated financial and legal financing program.

(ii) Preparation of all legal proceedings deemed necessary or advisable by Attorneys for the authorization, issuance and delivery of the Bonds; including preparation of (A) documentation required for the issuance of the Bonds by the Water District, including a fiscal agent agreement and a resolution authorizing the issuance of the Bonds, all documentation required to be executed by the Water District in connection with the delivery of the Bonds to the purchasers thereof, and all agreements providing collateral security for the Bonds except as may be within the scope of responsibility of any attorneys representing other parties, (B) necessary California Debt and Investment Advisory Commission filings and other reports and documents required to be filed by the Water District in connection with the issuance of the Bonds, (C) certificates, requisitions, receipts and other documents required in connection with the delivery of the Bonds to the original purchasers thereof, and (D) other proceedings of the Water District incidental to or in connection with the issuance, sale and delivery of the Bonds.

(iii) Subject to the completion of proceedings to the satisfaction of Attorneys, providing a legal opinion (A) approving the legality of the proceedings of the Water District for the authorization, issuance and delivery of the Bonds, and (B) if applicable, stating that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxation.

(iv) Reasonable legal consultation requested by the Water District concerning the CFD, the Bonds and any resolutions, certificates, agreements and other documents drafted by Attorneys relating to the authorization, issuance and delivery of the Bonds at any time following issuance of the Bonds.

(v) Attorneys shall perform such other and further services as are customarily performed by bond counsel on similar financings.

(c) *Disclosure Counsel.* Attorneys, in their role as Disclosure Counsel, shall provide legal services in connection with the preparation of the disclosure document to be used in connection with the offering and sale of the Bonds and a related continuing disclosure agreement. Such services shall include the following:

(i) Prepare the disclosure document (both preliminary and final) in connection with the offering of the Bonds.

(ii) Confer and consult with the municipal advisor and the special tax consultant engaged by the Water District for the CFD, the owners of property in the CFD and administrative staff of the Water District as to matters relating to the disclosure document.

(iii) Attend all meetings of the Board of Directors of the Water District and any other meetings at which the disclosure document is to be discussed, deemed necessary by Attorneys for the proper exercise of their due diligence with respect to the disclosure document.

(iv) Prepare the continuing disclosure agreement for the Bonds.

(v) Subject to the completion of proceedings to the satisfaction of Attorneys, provide a letter addressed to the Water District and to the purchasers of the Bonds to the effect that, although Attorneys have not undertaken to determine independently or assume any responsibility for the accuracy, completeness or fairness of the statements contained in the disclosure document for the Bonds, in the course of Attorney's participation in the preparation of the disclosure document, Attorneys have been in contact with representatives of the owners of property in the CFD and others concerning the contents of the disclosure document and related matters, and based upon the foregoing, nothing has come to Attorneys attention to lead Attorneys to believe that the disclosure document (except for any financial or statistical data or forecasts, numbers, charts, estimates, projections, assumptions or expressions of opinion included therein, and information relating to The Depository Trust Company and its book-entry system, as to which Attorneys need express no view) as of the date of the disclosure document or the date of the Bond closing contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(vi) Such other and further services as are normally performed by disclosure counsel on similar financings.

(d) *Services Not Provided.* Attorneys shall not be responsible for (a) compliance by the Water District with arbitrage rebate requirements under federal tax law applicable to any Bonds,

other than to render advice as to the legal interpretation of such requirements as set forth in the documents relating to the Bonds, (b) any continuing disclosure required under federal securities laws related to the Bonds, or (c) the representation of the Water District in connection with any litigation involving the CFD or the Bonds. Without limiting the generality of the foregoing, Attorneys shall not be responsible for preparing any calculations or documentation to establish compliance with such rebate requirements or otherwise for computing the amounts required to be rebated applicable to any Bonds, for preparation or review of any continuing disclosure statements concerning the Bonds, or for providing any litigation services related to the CFD or the Bonds, without a separate agreement between the Water District and Attorneys. In addition, Attorneys shall not be responsible for auditing or otherwise reviewing or assuring compliance by the Water District with any past or existing continuing disclosure obligations of the Water District related to any debt obligations.

Section 2. Compensation. For the services listed in Section 1(a), Attorneys shall be paid a fee of \$30,000 upon the completion of formation of the CFD.

For the services listed in Section 1(b), Attorneys shall be paid a percentage fee, applied to the aggregate principal amount of the first series of Bonds issued, equal to the sum of: (a) one percent (1%) of the first \$3 million principal amount of the Bonds, plus (c) one-half of one percent (1/2 of 1%) of the next \$10 million principal amount of the Bonds, plus (d) one-eighth of one percent (1/8 of 1%) of the remaining principal amount of the Bonds.

In the event that the Water District issues additional series of Bonds after the initial issuance of the Bonds, the percentage fees applicable to any additional series of Bonds shall be equal to the sum of: (a) one percent (1%) of the first \$1 million of principal amount of the Bonds, plus (b) one-half percent (1/2 of 1%) of the next \$5 million principal amount of the Bonds, plus (c) one-quarter percent (1/4 of 1%) of the next \$15 million principal amount of the Bonds, plus (d) one-eighth percent (1/8 of 1%) of the remaining principal amount of the Bonds; provided that in no event shall any such compensation for any one series of the Bonds be less than \$30,000.00.

For the services listed in Section 1(c), Attorneys shall be paid a fee of \$50,000 for the preparation of the disclosure document and continuing disclosure agreement for the first series of Bonds to be issued for the CFD, and \$40,000 for the preparation of the disclosure document and continuing disclosure agreement for each subsequent series of Bonds that may be issued.

Payment of said compensation described in (a) above shall be contingent upon formation of the CFD, shall be payable solely from any deposit by the landowner requesting formation of the CFD, and shall be due and payable upon the recordation of a notice of special tax lien for the CFD; and payment of said compensation described in (b) and (c) above shall be entirely contingent upon the successful issuance of the respective series of the Bonds, and shall be payable on the date of issuance of the respective series of the Bonds solely from the proceeds of such Bonds and from no other funds of the Water District.

Section 3. Responsibilities of CFD. The Water District shall cooperate with Attorneys and shall furnish Attorneys with certified copies of all proceedings taken by the Water District and deemed necessary by Attorneys to form the CFD and to render an opinion on the validity of the Bonds. All costs and expenses incurred incidental to the actual formation of the CFD and the issuance and delivery of the Bonds, including the cost and expense of preparing certified copies of proceedings required by Attorneys in connection with the issuance of the Bonds, the cost of all printing and publication costs, fees and expenses of parties other than Attorneys, costs and expenses of legal advertising and all other expenses incurred in connection with the issuance of the Bonds, shall be paid by the Water District from the proceeds of the Bonds or deposits by the landowner in the CFD, and shall not be the responsibility of Attorneys.

Section 4. Non-Legal Services. In performing their services as formation counsel, bond counsel and disclosure counsel pursuant to this Agreement, it is understood and acknowledged by the Water District that Attorneys will not be providing financial advisory, placement agent, investment banking or other similar services. It is expected that the Water District will engage other consultants to provide any such services with respect to the formation of the CFD or any Bonds.

Section 5. Termination of Agreement. This Agreement may be terminated at any time by the Water District with or without cause upon sixty days prior written notice to Attorneys. In the event of such termination, all finished and unfinished documents shall at the option of the Water District become its property and shall be delivered to the Water District by Attorneys.

Section 6. Amendment or Modification. No amendment, modification, or other alteration of this Agreement shall be valid unless in writing and signed by both of the parties hereto.

Section 7. Entire Agreement. This Agreement contains the entire agreement of the parties hereto. No other agreement, statement, or promise made on or before the effective date of this Agreement will be binding on the parties hereto.

IN WITNESS WHEREOF, the Water District and Attorneys have executed this Agreement for Legal Services as of the date first above written.

TEJON-CASTAC WATER DISTRICT

By: _____
Dennis Atkinson,
President

QUINT & THIMMIG LLP

By: _____
Paul J. Thimmig,
Partner

20035.01:J17364

AGREEMENT

MUNICIPAL ADVISORY SERVICES FOR THE TEJON-CASTAC WATER DISTRICT

This **AGREEMENT** (the “Agreement”), for financial advisory services is entered into between the **TEJON-CASTAC WATER DISTRICT**, a California joint powers District (the “District”) and **COLUMBIA CAPITAL MANAGEMENT, LLC**, a limited liability company organized under the laws of Missouri (“Columbia Capital”), with respect to the provision of certain services pertaining to various District public finance transactions and related services, the District and Columbia Capital agree as follows:

WHEREAS, the District has determined that the services of a municipal advisor are appropriate, convenient and necessary in order to effectuate its purposes; and

WHEREAS, Columbia Capital is experienced and qualified to provide municipal advisory services to the District as contemplated in this Agreement; and

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. Content of Agreement

The Agreement consists of this signed document, including any attachments, schedules, tables, or exhibits attached hereto and initialed by representatives of Columbia Capital and the District which are incorporated herein, including Columbia Capital’s response to the Tejon Ranch Public Facilities Financing Authority request for qualifications dated September 20, 2019.

2. Amendment, Supplement or Modification

The Agreement constitutes the entire agreement between Columbia Capital and the District. The Agreement may be amended, supplemented or modified only in writing, executed by representatives of the District and Columbia Capital. Such amendments, supplements or modifications cannot alter the terms of the Agreement as executed unless expressly agreed to in writing by the District and Columbia Capital. If any provision herein is held to be invalid or unenforceable, the remainder of the Agreement shall remain in full force and effect.

3. Scope of Services

During the period that this Agreement is effective, Columbia Capital will provide the following services:

- A. As directed by the District, perform all the duties customarily performed by municipal advisors in connection with the public and private offerings and sale of municipal securities.
- B. Assist the District on the development of one or more community facilities districts (CFDs) or similar development districts, including assisting the District in engaging required professionals, working closely with counsel on the development of required documents and making presentations to the District, other constituents of the district(s) and the public.
- C. Advise the District on term, structure and marketing features of a transaction, including, but not limited to, type of sale (negotiated or competitive), maturity dates, couponing, call features, security provisions and covenants and costs of issuance in consideration of the policies and goals of the District.
- D. As requested by the District, and in cooperation and communication with the District, to prepare for all meetings and public presentations related to the issuance of debt, to include but not be limited to: rating agency presentations, insurer presentations, investor presentations, District board presentations, internal staff presentations, and public presentations.
- E. Assist the District in soliciting bids for and procuring the services of credit enhancement agencies, appraisers, feasibility consultants, banking services, internet disclosure and bidding services and any other related financial services essential to any alternative forms of financing which the District may elect to use.
- F. Advise the District on market conditions and other factors affecting the successful sale of the District debt obligations.
- G. As directed by the District, assist in the marketing of the District debt obligations among prospective bond underwriters and investors.
- H. In the case of a competitive bond sale, assist in the preparation (including reviewing and commenting on) and distribution to the prospective investors, financial institutions and bidders the Official Notice of Sale and assist in the preparation of the Preliminary and Final Official Statement containing comprehensive information with respect to any debt obligations being offered by the District, and the legal documents and other information necessary for the sale of the debt. Columbia Capital will coordinate the public sale of such securities through an internet medium.
- I. As requested and directed by the District, in the case of a negotiated sale, represent the District and assist in the preparation of (including reviewing and commenting on) the preliminary and final Official Statements for any debt obligations being offered by the District, the legal documents and other information necessary for the sale of the debt. Based upon the District's defined selection criteria Columbia Capital will recommend an underwriting syndicate and assist the District in all of its negotiations

with the selected underwriters or bank purchasers including, but not limited to, the actual pricing of the debt.

- J. Review the District's outstanding debt as the market conditions dictate to identify refunding and other restructuring opportunities that would reduce the District's debt service or provide the District with more flexibility to meet its financial and programmatic goals.
- K. As requested by the District, assist the bond counsel in all reasonable ways.
- L. Assist the District to coordinate compliance with federal and state laws, regulations and guidelines related to a particular debt transaction.
- M. Review proposals submitted to the District by investment bankers, bank direct purchasers or other financial service providers, as the District may require.
- N. Proceed upon the direction of the District with investigation, studies and planning for the purpose of expanding existing programs or developing new programs to further the policies and goals of the District, including with respect to economic development activities.
- O. Generally provide such other operational assistance, advice and consultation as may be appropriate and requested by the District.
- P. Upon request and pursuant to the Rates and Fees provided herein, Columbia Capital will be available to provide additional services including:
 - i. investment of bond proceeds
 - ii. post-issuance compliance services
 - iii. investment of the District idle funds
- Q. Upon request and subject to terms negotiated apart from this contract, Columbia Capital will be available to provide additional financial services to the District on an as needed basis, including but not limited to services related to:
 - i. preparation of bond official statements
 - ii. debt and investment policy formulation
 - iii. Federal agency relations activities
 - iv. investor relations activities, and
 - v. expert testimony.

4. Rates and Fees

Pursuant to Attachment A to this Agreement.

5. Billing

Prior to receiving any compensation for services performed hereunder, regardless of the transaction, Columbia Capital shall submit a billing statement to the District indicating the amount and basis for the compensation.

6. No Subcontracting without Prior Consent

The parties acknowledge that Columbia Capital anticipates performing all work anticipated by this Agreement with its own staff and does not plan to engage any third-parties or subcontractors to assist in its efforts. In the event the use of a third-party or subcontractor were to become necessary, Columbia Capital agrees to seek the written consent of the District prior to engaging the third-party or subcontractor.

7. Municipal Advisor as Independent Contractor

Columbia Capital and any agents or employees of Columbia Capital, in the performance of the Agreement, shall act in an independent capacity and not as officers, employees or agents of the District.

8. Qualification to Serve as a Municipal Advisor.

During the term of this agreement, Columbia Capital shall at all times maintain the registrations required to qualify as a “municipal advisor” pursuant to then-current Federal securities regulations. Columbia Capital engagement team members assigned to the District’s account shall at all times qualify as “municipal advisor representatives” pursuant to then-current Federal securities regulations.

Columbia Capital represents that, at the time of execution of this Agreement, it qualifies as a “municipal advisor” and that all Columbia Capital engagement team members actively working on the District’s account qualify as “municipal advisor representatives.”

9. Avoidance of Conflicts.

In order to avoid real or perceived conflicts related to its work for the District, Columbia Capital agrees not to seek municipal advisory engagements with the County of Kern, California, during the term of this Agreement.

10. Notice

Any required notice under the Agreement or contact by either party to the other deemed necessary to fulfilling its obligations under the Agreement will be in writing and shall be made so that the other party shall have not less than three (3) business days to respond or to act upon such notice.

Any notice to the District shall be made in writing and directed to the Tejon-Castac Water District 4436 Lebec Road, Lebec, CA 90250 Attention Treasurer. Any notice to Columbia

Capital shall be made in writing and directed to the Compliance Officer in writing to: Compliance Officer, Columbia Capital Management, 6700 Antioch, Suite 250 Merriam, Kansas 66204.

11. Representative’s District to Contract.

By signing this Agreement, the representatives for each party thereby represents that such person is duly authorized to execute this Agreement on behalf of that party and agree to be bound by the provisions thereof.

12. Entire Agreement.

This Agreement is the full and entire understanding and agreement of the parties with regard to the subjects discussed herein.

13. Applicable Law

The terms and conditions of this Agreement shall be construed under and in accordance with the laws of the State of California. Any and all actions to enforce rights or duties under the Agreement shall be brought before the District Court of Kern County. The United States District Court for the State of California, sitting in Bakersfield, California, shall be the venue for any Federal action or proceeding arising hereunder in which the District may be a party.

14. Termination

This agreement shall continue until terminated by either party. Either party may terminate this Agreement with sixty (60) days’ written notice to the other party at any time without cause. District agrees to compensate Columbia Capital, consistent with the terms of this agreement, for any work performed up to and including the date of its termination of this agreement.

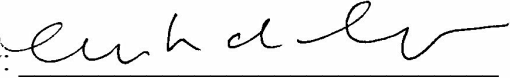
IN WITNESS WHEREOF, the District and Columbia Capital have caused the Agreement to be duly executed intending to be bound thereby and certify that they are authorized to sign the Agreement effective this 25th day of January, 2021.

TEJON-CASTAC Water District

By: _____

:

COLUMBIA CAPITAL MANAGEMENT, LLC

By: 
Curt de Crinis
Managing Director

ATTACHMENT A—FEE SCHEDULE

Services Related to CFD Formation

Non-contingent hourly fees, billed monthly, at the rates set forth below with a cap determined in writing by the parties at the outset of each CFD formation process based upon the expected complexity of such formation:

Staff Classification	Hourly Rate
Managing Members and Directors	\$ 325
Vice Presidents	295
Analysts	250
Administrative Support	150

Formation costs for CFD No. 1 and CFD M capped at \$25,000.

Transaction Execution

Fixed fee of \$55,000 to \$75,000 per transaction, contingent upon successful closing, for financing transactions (bonds, notes, loans, etc.) with the specific amount determined in writing by the parties at the outset of each transaction based upon the expected complexity of such transaction.

Expenses

Billed at 5% of other compensation received.

Optional Services

Post-Issuance Compliance Services: subscription to Columbia Capital's MuniVault[®] suite of post-issuance compliance services, including continuing disclosure filings, for a one-time set-up fee of \$2,500 per series plus \$750 per series per year.

Bond Proceeds Structured Investment Brokerage: 0.20% of the face amount of the investment with a \$2,500 minimum (subject to IRS safe harbor limits).

Idle/Operating Cash Management and Bond Proceeds Investment/Actively Managed: Greater of \$7,500 per year and 0.15% per annum on funds under management, billed quarterly based upon the average of the month-end portfolio balances in each month.

RESOLUTION NO. 2021-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEJON-CASTAC WATER DISTRICT DECLARING ITS INTENTION TO ESTABLISH A COMMUNITY FACILITIES DISTRICT AND TO AUTHORIZE THE LEVY OF SPECIAL TAXES THEREIN

WHEREAS, under Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the “Act”), the Board of Directors of the Tejon-Castac Water District (the “Water District”) is empowered with the authority to act as the legislative body for and to establish community facilities districts; and

WHEREAS, the Board of Directors has received a petition from the owner of all of the property within the proposed boundaries of a new community facilities district (the “CFD”) requesting the formation of the CFD and the designation of improvement areas therein in order to finance certain public improvements (the “Facilities”) necessitated by the Mountain Village development in the Tejon Ranch area of Kern County; and

WHEREAS, the Board of Directors has previously authorized the President to execute a deposit/reimbursement agreement with the property owner, obligating the property owner to pay all costs of the Water District related to the formation of the CFD; and

WHEREAS, the Board of Directors now desires to undertake proceedings under the Act to establish the CFD.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Tejon-Castac Water District as follows:

Section 1. This Board of Directors proposes to conduct proceedings to establish the CFD and to designate certain improvement areas therein (the “Improvement Areas”) pursuant to the Act. The name proposed for the CFD is “Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements).”

Pursuant to Section 53350(a) of the Act, the CFD shall initially consist of two Improvement Areas designated Improvement Area 1 and Improvement Area M. All proceedings for purposes of a bond election and for the purpose of levying special taxes shall apply separately to each Improvement Area.

Section 2. The proposed boundaries of the CFD (including the boundaries of Improvement Area 1 and Improvement Area M) are as shown on the map of the CFD on file with the Secretary, which boundaries are hereby preliminarily approved and to which map reference is hereby made for further particulars. The Secretary is hereby directed to record, or cause to be recorded, said map of the boundaries of the CFD in the office of the Kern County Recorder within fifteen days of the date of adoption of this Resolution.

Section 3. The types of Facilities to be financed in whole or in part by the CFD (including each of the Improvements Areas) are listed on Exhibit A hereto and which Exhibit is by this reference incorporated herein. The President is hereby authorized and directed to enter into joint community facilities agreements with any other public entities that will own and/or operate any of the Facilities as required by Section 53316.2 of the Act, such agreements to be in a form approved by the President upon consultation with the Water District's General Counsel and Bond Counsel.

Section 4. The Water District acknowledges receipt of a petition from Tejon Ranchcorp, as the owner of all of the parcels to be included in the CFD, to form the CFD. The Water District expects to enter into a Deposit/Reimbursement Agreement with Tejon Ranchcorp to pay costs of the Water District in creating the CFD, which agreement is hereby ratified.

Section 5. Except to the extent that funds are otherwise available to the CFD or the Improvement Areas to finance the Facilities and/or pay the principal and interest as it becomes due on bonds of the CFD, or of an Improvement Area issued to finance the Facilities, a special tax sufficient to pay the costs thereof, secured by recordation of a continuing lien against all non-exempt real property in the CFD will be levied annually within each Improvement Area of the CFD and collected in the same manner as ordinary ad valorem property taxes or in such other manner as this Board of Directors or its designee shall determine, including direct billing of the affected property owners. The proposed rates and methods of apportionment of the special tax among the parcels of real property within each Improvement Area of the CFD, in sufficient detail to allow each landowner within each Improvement Area of the CFD to estimate the maximum amount such owner will have to pay, are described in Exhibits B and C attached hereto and by this reference incorporated herein.

In the case of any special tax to pay for the Facilities and to be levied against any parcel used for private residential purposes: (i) the maximum special tax shall be specified as a dollar amount that shall be calculated and thereby established not later than the date on which the parcel is first subject to the tax because of its use for private residential purposes, which shall not be increased over time over 2% per year; (ii) the tax year after which no further special tax subject to this paragraph may be levied or collected shall be as set forth in Exhibit B and C, as applicable, hereto; and (iii) under no circumstances will the special tax levied in any fiscal year against any parcel subject to this paragraph be increased as a consequence of delinquency or default by the owner of any other parcel within the applicable Improvement Area by more than 10% above the amount that would have been levied in that fiscal year had there never been any such delinquencies or defaults. For the purposes hereof, a parcel is used for "private residential purposes" not later than the date on which an occupancy permit for private residential use is issued.

This Board of Directors hereby finds that the provisions of Section 53313.6, 53313.7 and 53313.9 of the Act (relating to adjustments to ad valorem property taxes and schools financed by a community facilities district) are inapplicable to the CFD.

Section 6. It is the intention of this Board of Directors acting as the legislative body for the CFD to cause bonds of the Water District to be issued for Improvement Areas of the CFD pursuant to the Act to finance costs of the Facilities. Said bonds shall be in one or more series in the aggregate principal amount of not to exceed \$250,000,000 for Improvement Area 1 and

\$1,500,000,000 for Improvement Area M, and each issue of such bonds shall bear interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of each respective series of such bonds, and each series of the bonds shall mature not to exceed 40 years from the date of the issuance thereof.

Section 7. The Board of Directors acknowledges that Improvement Area M is intended to provide a supplemental or backup special tax levy supporting the issuance of bonds for other improvement areas. The Water District intends to carry out change proceedings pursuant to the Act in the future in order to subdivide Improvement Area M into smaller improvement areas and to issue bonds with respect to those improvement areas. As such, the Water District does not at present intend to issue any bonds secured solely by special taxes levied in Improvement Area M.

Section 8. This Board of Directors reserves to itself the right and authority to allow any interested owner of property in an Improvement Area, subject to the provisions of Section 53344.1 of the Act and such other conditions as it may otherwise impose, and any applicable prepayment penalties as prescribed in the indenture or fiscal agent agreement for any bonds of the Water District for the respective Improvement Area, to tender to the Treasurer of the Water District in full payment or part payment of any installment of special taxes or the interest or penalties thereon which may be due or delinquent, but for which a bill has been received, any bond or other obligation secured thereby, in the manner described in Section 53344.1 of the Act.

Section 9. The levy of said proposed special tax in each Improvement Area shall be subject to the approval of the qualified electors of the respective Improvement Area at separate special elections. The proposed voting procedure shall be by mailed or hand-delivered ballot among the landowners in the respective Improvement Area, with each owner having one vote for each acre or portion of an acre such owner owns in the respective Improvement Area.

Section 10. Except as may otherwise be provided by law or as specifically provided in the rate and method of apportionment of the special taxes for an Improvement Area, all lands owned by any public entity, including the United States, the State of California, the County of Kern, Caltrans and/or the Water District, or any departments or political subdivisions thereof, shall be omitted from the levy of the special tax to be made to cover the costs and expenses of the Facilities, bonds issued for an Improvement Area and any expenses of the CFD and any Improvement Area. In the event that a portion of the property within an Improvement Area shall become for any reason exempt, wholly or in part, from the levy of the special tax, the Board of Directors of the Water District will, on behalf of the CFD and the applicable Improvement Area, increase the levy to the extent necessary upon the remaining property within the applicable Improvement Area which is not exempt in order to yield the required debt service payments and other annual expenses of the applicable Improvement Area, if any, subject to the provisions of the rate and method of apportionment of the special taxes for the applicable Improvement Area.

Section 11. The President of the Water District is hereby directed to study the Facilities and to make, or cause to be made, and file with the Secretary a report in writing, presenting the following:

(a) A brief description of the Facilities by type.

(b) An estimate of the fair and reasonable cost of the financing the Facilities, including the cost of incidental expenses in connection therewith, and the costs of the proposed bond financing and all other related costs as provided in Section 53345.3 of the Act.

Said report shall be made a part of the record of the public hearing provided for below.

Section 12. Thursday, March 11, 2021, at 10:00 a.m., in the Board Room of the Tejon Ranch Company, 4436 Lebec Road, Lebec, California, be, and the same are hereby appointed and fixed as the time and place when and where this Board of Directors, as legislative body for the CFD, will conduct a public hearing on the establishment of the CFD and the designation of the Improvement Areas therein and consider and finally determine whether the public interest, convenience and necessity require the formation of the CFD, the designation of the Improvement Areas therein and the levy of said special tax within each Improvement Area.

Section 13. The Secretary is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper published in the area of the CFD. The publication of said notice shall be completed at least seven days before the date herein set for said hearing. Said notice shall be in the form provided by CFD Formation Counsel.

Section 14. The Acquisition Agreement related to the use of proceeds of Bonds issued for the Improvement Areas to acquire certain of the Facilities, to be entered into by the Water District, for the CFD, and Tejon Ranchcorp, in the form on file with the Secretary, is hereby approved. The President is to execute and deliver the Acquisition Agreement in said form, with such additions thereto or changes therein as are deemed necessary, desirable or appropriate by the President upon consultation with the Water District's General Counsel and Bond Counsel, the approval of such changes to be conclusively evidenced by the execution and delivery by the President of the Acquisition Agreement.

Section 15. The Water District may accept advances of funds or work in-kind from any owner of property in the CFD, and may use those funds or that work in-kind for any authorized purpose of the CFD, as contemplated by Section 53314.9 of the Act. The CFD may repay any funds so advanced or the value or cost of the work in-kind, subject to the requirements of Section 53314.9 of the Act, on such terms and under such conditions as this Board of Directors, acting as legislative body of the CFD, may establish.

Section 16. This Resolution shall take effect upon its adoption.

PASSED, APPROVED AND ADOPTED, by the Board of Directors of the Tejon-Castac Water District, at a regular meeting held on the 9th day of February, 2021.

By: _____
Dennis Atkinson,
President

ATTEST:

By: _____
Angelica Martin,
Secretary

20035.01:J17178
2/2/21

STATE OF CALIFORNIA)
COUNTY OF KERN) ss
TEJON-CASTAC WATER DISTRICT)

I, Angelica Martin, Secretary of the Tejon-Castac Water District, HEREBY DO CERTIFY that the foregoing Resolution No. 2021-04 was duly adopted at a regular meeting of the Board of Directors of the Tejon-Castac Water District on the 9th day of February, 2021, by the following roll call vote:

AYES: DIRECTORS:
NAYS: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAINED: DIRECTORS:

By: _____
Angelica Martin, Secretary,
Tejon-Castac Water District

EXHIBIT A

DESCRIPTION OF FACILITIES TO BE FINANCED BY THE CFD

The “Facilities” include the following types of improvements within, in the vicinity of, or otherwise necessitated by development occurring within, the area included within the CFD:

- Water treatment facilities to include potable water storage tanks, treatment plant, pipeline system potable, pipeline system raw water, raw water storage tanks.
- Waste water treatment plant and facilities, including sewer pipe lines and appurtenances.
- Storm drainage facilities.
- Reclaimed water systems to include pipe lines and storage facilities.
- Intersection and interchange improvements.
- Public roadways and appurtenances.
- Fire stations, including a helipad, and a sheriff station and related appurtenances.

“Facilities” shall include the attributable costs of engineering, design, planning, materials testing, coordination, construction staking, and construction, together with the expenses related to issuance and sale of any “debt”, as defined in Section 53317(d) of the Act, including underwriters’ discount, appraisals, market studies, reserve fund, capitalized interest, legal counsel, special tax consultant, municipal advisor, bond and official statement printing, administrative expenses of the Water District and bond trustee or fiscal agent related to the CFD, and any such debt and all other incidental expenses as defined in Section 53317(e) of the Act.

The CFD (including the Improvement Areas) may also finance or fund, and the special taxes may also be used, for any of the following purposes:

- To pay for the purchase, construction, expansion, improvement or rehabilitation of any of the Facilities, and to reimburse the Water District, Kern County or any third parties for advances made to purchase, construct, expand, improve or rehabilitate any of the Facilities.
- To pay principal of, interest on, and any premium due with respect to, any bonds or other indebtedness issued or entered into by the Water District for the CFD or any Improvement Area, and to pay lease payments or installment sale payments with respect to any of the Facilities.

- To pay annual or periodic administrative fees of the Water District and any bond trustee or fiscal agent related to the CFD, an Improvement Area or any debt of the CFD or an Improvement Area, and to reimburse the Water District for costs and expenses related to the administration of the CFD and the bonds.
- To reimburse the Water District or any third parties for actual costs advanced that are related to the formation of the CFD and the designation of Improvement Areas.

The Facilities listed in this Exhibit are representative of the types of improvements to be furnished by the CFD. Detailed scope and limits of specific projects will be determined as appropriate. Addition, deletion or modification of descriptions of Facilities may be made consistent with the requirements of the Act.

EXHIBIT B

RATE AND METHOD OF APPORTIONMENT FOR TEJON-CASTAC WATER DISTRICT IMPROVEMENT AREA NO. 1 OF COMMUNITY FACILITIES DISTRICT NO. 2021-1 (MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area No. 1 ("IA No. 1") of Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements) ("CFD No. 2021-1") and collected each Fiscal Year commencing in Fiscal Year 2021-2022, in an amount determined by the Treasurer through the application of this Rate and Method of Apportionment as described below. All of the real property in IA No. 1, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of IA No. 1, as determined by the Treasurer: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Water District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; the costs to the Water District, CFD No. 2021-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the Water District, CFD No. 2021-1 or any designee thereof of complying with Water District, IA No. 1 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the Water District,

CFD No. 2021-1 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; and the Water District's annual administration fees and third party expenses associated with administration of CFD No. 2021-1 or the Bonds. Administrative Expenses shall also include amounts estimated or advanced by the Water District or CFD No. 2021-1 for any other administrative purposes of IA No. 1, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Apartment Property" means all Assessor's Parcels of Residential Property for which a Building Permit has been issued for purposes of constructing attached residential dwelling units, all of which are made available for rental, but not purchase by the general public.

"Approved Property" means, collectively, Approved Custom Lot Property and Approved Non-Custom Lot Property.

"Approved Custom Lot Property" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Open Space Property, for which a Final Map was recorded prior to January 1 of the previous Fiscal Year and identified as a custom lot on the applicable Final Map.

"Approved Non-Custom Lot Property" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, Taxable Property Owner Association Property, Taxable Public Property, Taxable Open Space Property, and Approved Custom Lot Property, for which a Final Map was recorded prior to January 1 of the previous Fiscal Year.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C below.

"Backup Special Tax" means the Special Tax applicable to each Assessor's Parcel of Developed Property as determined in accordance with Section C below.

"Board" means the Board of Directors of the Tejon-Castac Water District, acting as the legislative body of CFD No. 2021-1.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2021-1 for IA No. 1 under the Act.

"Building Permit" means, with respect to a Lot the first building permit for new construction of a structure thereon issued after January 1, 2020, regardless of whether such building permit, after its date of issuance, expires or is terminated or withdrawn; provided, however, that if, for Single Family Property, after the date of issuance of such a building permit for a residential dwelling unit on such lot (a) such building permit expires or is terminated or withdrawn and (b) a new building permit for the same Lot is subsequently issued for an amount of Building Square Footage that would cause such Lot to be in a lower numerical Land Use Class than its then current Land Use Class, then, from and after the date of such subsequently issued building permit, "Building Permit," with respect to such Lot, shall mean such subsequently issued building permit. Building Permit shall not include any building permit issued for an addition to, or the remodel or reconstruction of, any previously constructed structure. Notwithstanding the foregoing, to the extent that building permit(s) for additions or options are issued to the original builder of a residential dwelling unit during the period between the issuance of the first building permit and the issuance of a certificate of occupancy for such residential dwelling unit for an amount of Building Square Footage that would cause such Lot to be in a lower numerical Land Use Class than its then current Land Use Class, then, from and after the date of such subsequently issued building permit(s), "Building Permit," with respect to such Lot, shall mean both the original and such subsequently issued building permit(s).

"Building Square Footage" or "Building Square Foot" means the total square footage of the building(s) located on an Assessor's Parcel, measured from outside wall to outside wall, exclusive of overhangs, porches, patios, carports, or similar spaces attached to the building but generally open on at least two sides, as determined by reference to the Building Permit(s) issued for that Assessor's Parcel, or if these are not available, as otherwise determined by the Treasurer.

"CFD No. 2021-1" means Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements).

"County" means the County of Kern.

"Custom Lot Property" means, for each Fiscal Year, any Lot of Taxable Property for which (i) the Lot is identified as a custom lot on the applicable Final Map and (ii) either (a) a Building Permit has been issued for purposes of constructing one or more residential dwelling units or (b) escrow has closed prior to January 1 of the prior Fiscal Year to an owner other than Tejon Ranchcorp or Tejon Mountain Village, LLC. Custom Lot Property shall be designated as Stage 1 Custom Lot Property upon close of escrow to an owner other than Tejon Ranchcorp or Tejon Mountain Village, LLC. Custom Lot Property shall be designated as Stage 2 Custom Lot Property upon the earlier of (a) issuance of a Building Permit for such Lot or (b) the fourth Fiscal Year after such Lot was first classified as Stage 1 Custom Lot Property. Once property is designated as Stage 2 Custom Lot Property, it cannot revert back to Stage 1 Custom Lot Property in a subsequent Fiscal Year.

"Developed Property" means, for each Fiscal Year, (i) Taxable Property, exclusive of Taxable Property Owner Association Property, Taxable Public Property or Taxable Open Space Property for which a Building Permit for new construction was issued after January 1, 2020 and prior to January 1 of the prior Fiscal Year, or (ii) property designated as Custom Lot Property.

"Exempt Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds any Assessor's Parcels that receive a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute) shall not be classified as Exempt Welfare Exemption Property and will be subject to the Special Tax.

"Final Map" means (i) a final map or parcel map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots for which Building Permits may be issued, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Fiscal Agent" means the fiscal agent or trustee under the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Hotel/Motel Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a Building Permit has been issued for building a non-residential structure that constitutes a place of lodging providing sleeping accommodations and related facilities for travelers. Such related facilities may include, but are not limited to, on-site restaurants, retail establishments, conference rooms/areas, etc.

"Hotel/Motel Rooms" means, for each Assessor's Parcel of Hotel/Motel Property, the number of hotel/motel rooms available for rent for the purpose of overnight lodging, as indicated on the Building Permit. If such room data is not included on the Building Permit for an Assessor's Parcel of Hotel/Motel Property, then the CFD Administrator shall rely on the site plan or other reasonable data sources as determined by the CFD Administrator.

"IA M" means Improvement Area M of CFD No. 2021-1, as identified on the boundary map for CFD No. 2021-1.

"Land Use Class" means any of the classes listed in Table 1 below.

"Lot" means any legal lot created by the recordation of a Final Map, for which building permits may be issued for such lot without further subdivision. Such property may include one or more lots within a single Assessor's Parcel. For purposes of taxation under this Rate and Method of Apportionment, such property will be taxed as separate lots (i.e., one Assessor's Parcel which includes two or more Lots will be taxed as multiple Lots).

"Lot Size" means, for each Lot, the Acreage of such Lot as indicated in the Final Map, or otherwise determined by the Treasurer.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Non-Residential Property" means, for each Fiscal Year, all Assessor's Parcels of Developed Property for which a Building Permit(s) was issued for a non-residential use, excluding Hotel/Motel Property.

"Open Space Property" means, for each Fiscal Year, any property within CFD No. 2021-1 that is owned in fee by, granted by easement to, or dedicated to a non-profit entity for purposes of preserving open space or for preserving land for wildlife or habitat purposes, as determined by the Treasurer, as of January 1 of the prior Fiscal Year.

"Outstanding Bonds" means, as of any date of determination, all Bonds which are then outstanding under the Fiscal Agent Agreement.

"Property Owner Association Property" means, for each Fiscal Year, any property within CFD No. 2021-1 that was owned by or irrevocably dedicated to a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property within CFD No. 2021-1. For Approved Property or Undeveloped Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Approved Property or Undeveloped Property in CFD No. 2021-1. For Taxable Property Owner Association Property, Taxable Public Property and Taxable Open Space Property, "Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Taxable Property Owner Association Property, Taxable Public Property and Taxable Open Space Property in CFD No. 2021-1.

"Public Property" means, for each Fiscal Year, any property within CFD No. 2021-1 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, the Water District, or any other public agency as of January 1 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

"Reserve Requirement" means the reserve requirement for the Bonds as defined in the Fiscal Agent Agreement.

"Residential Property" means (i) Custom Lot Property and (ii) all Assessor's Parcels of Developed Property for which a Building Permit has been issued for purposes of constructing one or more residential dwelling units.

"Single Family Property" means all Assessor's Parcels of Residential Property for which (i) a Building Permit has been issued for purposes of constructing one or more residential dwelling units and (ii) is not classified as Apartment Property or Custom Lot Property.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year to: (i) pay debt service on all Outstanding Bonds; (ii) pay periodic costs on the Bonds, including but not limited to, credit enhancement and rebate payments on the Bonds; (iii) pay Administrative Expenses; (iv) pay any amounts required to establish or replenish any reserve funds for all Outstanding Bonds; (v) pay directly for the acquisition or construction of facilities authorized to be financed by CFD No. 2021-1 to the extent that inclusion of such amount does not increase the Special Tax levy on Approved Property or Undeveloped Property; and (vi) pay for reasonably anticipated delinquent Special Taxes based on the historical delinquency rate for CFD No. 2021-1 as determined by the Treasurer; less (vii) a credit for funds available to reduce the annual Special Tax levy, as determined by the Treasurer pursuant to the Fiscal Agent Agreement.

"State" means the State of California.

"Taxable Open Space Property" means, for each Fiscal Year, all Assessor's Parcels of Open Space Property that are not exempt pursuant to Section E below.

"Taxable Property" means, for each Fiscal Year, all of the Assessor's Parcels within CFD No. 2021-1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt pursuant to Section E below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt pursuant to Section E below.

"Treasurer" means an official of the Water District, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Approved Property, Developed Property, Taxable Property Owner Association Property, Taxable Public Property, or Taxable Open Space Property.

"Water District" means the Tejon-Castac Water District.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within IA No. 1 shall be classified as Developed Property (which shall be further classified as Residential Property, Non-Residential Property, and Hotel/Motel Property), Taxable Property Owner Association Property, Taxable Public Property, Taxable Open Space Property, Approved Property (which shall be further classified as Approved Custom Lot Property and Approved Non-Custom Lot Property), Undeveloped Property, or Exempt Welfare Exemption Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

The Assigned Special Tax for Apartment Property shall be based on the number of dwelling units located on the Assessor's Parcel. The Assigned Special Tax for Custom Lot Property (which shall be further classified as Stage 1 Custom Lot Property and Stage 2 Custom Lot Property) shall be based on the Acreage of the Assessor's Parcel. The Assigned Special Tax for Single Family Property shall be based on the number of dwelling units and the Building Square Feet of the dwelling units located on the Assessor's Parcel. The Assigned Special Tax for Non-Residential Property shall be based on the Building Square Feet of the development located on the Assessor's Parcel. The Assigned Special Tax for Hotel/Motel Property shall be based on the total number of Hotel/Motel Rooms located on the Assessor's Parcel.

C. MAXIMUM SPECIAL TAX RATE

1. Developed Property

a. Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the amount derived by

application of the Assigned Special Tax or (ii) the amount derived by application of the Backup Special Tax.

b. Assigned Special Tax

The Assigned Special Tax for Fiscal Year 2021-2022 for each Land Use Class as shown below in Table 1.

TABLE 1
Fiscal Year 2021-2022
ASSIGNED SPECIAL TAXES FOR DEVELOPED PROPERTY
IMPROVEMENT AREA NO. 1

Land Use Class	Description	Acres / Building Square Feet	Assigned Special Tax
1	Custom Lot Property	Lot Size \geq 100 Acres	\$35,722 per Lot for Stage 1 Custom Lot Property \$102,064 per Lot for Stage 2 Custom Lot Property
2	Custom Lot Property	Lot Size \geq 20 Acres to < 100 Acres	\$12,183 per Lot for Stage 1 Custom Lot Property \$34,808 per Lot for Stage 2 Custom Lot Property
3	Custom Lot Property	Lot Size \geq 10 Acres to < 20 Acres	\$9,884 per Lot for Stage 1 Custom Lot Property \$28,241 per Lot for Stage 2 Custom Lot Property
4	Custom Lot Property	Lot Size \geq 5 Acres to < 10 Acres	\$7,631 per Lot for Stage 1 Custom Lot Property \$21,803 per Lot for Stage 2 Custom Lot Property
5	Custom Lot Property	Lot Size \geq 2 Acres to < 5 Acres	\$4,529 per Lot for Stage 1 Custom Lot Property \$12,941 per Lot for Stage 2 Custom Lot Property
6	Custom Lot Property	Lot Size < 2 Acres	\$2,628 per Lot for Stage 1 Custom Lot Property \$7,510 per Lot for Stage 2 Custom Lot Property
7	Single Family Property	> 4,500 Building Square Feet	\$20,502 per unit
8	Single Family Property	2,500 to 4,500 Building Square Feet	\$11,985 per unit
9	Single Family Property	< 2,500 Building Square Feet	\$6,324 per unit
10	Apartment Property	NA	\$1,224 per unit
11	Non-Residential Property	NA	\$3.57 per Building Square Foot
12	Hotel/Motel Property	NA	\$1,250 per Hotel/Motel Room

c. Backup Special Tax

The Fiscal Year 2021-2022 Backup Special Tax for an Assessor's Parcel of Developed Property shall equal \$56,706 per Acre.

d. Increase in the Assigned Special Tax and Backup Special Tax

On each July 1, commencing on July 1, 2022, the Assigned Special Tax and the Backup Special Tax for an Assessor's Parcel shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

e. Multiple Land Use Classes

In some instances an Assessor's Parcel of Developed Property may contain more than one Land Use Class. The Assigned Special Tax levied on such Assessor's Parcel shall be the sum of the Assigned Special Taxes for all Land Use Classes located on that Assessor's Parcel. The Maximum Special Tax that can be levied on an Assessor's Parcel shall be the sum of the Maximum Special Taxes that can be levied for all Land Use Classes located on that Assessor's Parcel. For an Assessor's Parcel that contains Custom Lot Property, Single Family Property, Apartment Property, Non-Residential Property, and Hotel/Motel Property, the Acreage of such Assessor's Parcel shall be allocated to each type of property based on the amount of Acreage designated for each land use as determined by reference to the site plan (or other applicable map as determined by the CFD Administrator) approved for such Assessor's Parcel. The CFD Administrator's allocation to each type of property shall be final.

2. Approved Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property and Taxable Open Space Property

a. Maximum Special Tax

The Fiscal Year 2021-2022 Maximum Special Tax for Approved Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Open Space Property is shown in the table below.

TABLE 2
Fiscal Year 2021-2022
MAXIMUM SPECIAL TAXES FOR APPROVED PROPERTY, UNDEVELOPED PROPERTY,
TAXABLE PROPERTY OWNER ASSOCIATION PROPERTY, TAXABLE PUBLIC PROPERTY,
AND TAXABLE OPEN SPACE PROPERTY

Description	Fiscal Year 2021-2022 Maximum Special Tax
Approved Custom Lot Property	\$3,558 per Acre
Approved Non-Custom Lot Property	\$46,576 per Acre
Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property, and Taxable Open Space Property	\$56,706 per Acre

b. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for Approved Property, Undeveloped Property, Taxable Property Owner Association Property, Taxable Public Property and Taxable Open Space Property shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, the Treasurer shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

First: The Special Tax shall be levied Proportionately on each Assessor’s Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor’s Parcel of Approved Property at up to 100% of the Maximum Special Tax for Approved Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 75% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then, to the extent that special taxes under IA M

are pledged toward the repayment of Bonds, property in IA M shall be levied in accordance with the rate and method of apportionment for IA M;

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 100% of the Maximum Special Tax for Undeveloped Property;

Sixth: If additional monies are needed to satisfy the Special Tax Requirement after the first five steps have been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Seventh: If additional monies are needed to satisfy the Special Tax Requirement after the first six steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Property Owner Association Property or Taxable Open Space Property at up to the Maximum Special Tax for Taxable Property Owner Association Property and Taxable Open Space Property; and

Eighth: If additional monies are needed to satisfy the Special Tax Requirement after the first seven steps have been completed, then the Special Tax shall be levied Proportionately on each Assessor's Parcel of Taxable Public Property at up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, pursuant to Section 53321(d)(3) of the California Government Code, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel in IA No. 1 for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) within IA No. 1 by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Assessor's Parcels of Residential Property is limited by the provision in the previous sentence, the levy of the Special Tax on all of the Assessor's Parcels of Non-Residential Property within IA No. 1 shall continue to increase in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Tax shall be levied on up to 2,404 Acres of Property Owner Association Property, Public Property, and/or Open Space Property. Tax-exempt status will be assigned by the Treasurer in the chronological order in which property becomes Property Owner Association Property, Public Property and/or Open Space Property.

However, should an Assessor's Parcel no longer be classified as Property Owner Association Property, Public Property, or Open Space Property its tax-exempt status will be revoked.

Property Owner Association Property, Public Property, and/or Open Space Property that is not exempt from Special Taxes under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of the seventh and eighth steps in Section D, above, at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property, Taxable Public Property or Taxable Open Space Property.

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in which such Assessor's Parcel is classified as Exempt Welfare Exemption Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. PROPERTY OWNER APPEALS OF SPECIAL TAX LEVIES

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Treasurer not later than one calendar year after having paid the Special Tax that is disputed. The Treasurer shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the Treasurer's decision requires that the Special Tax be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the next Special Tax levy. Any dispute over the decision of the Treasurer shall be referred to the Board and the decision of the Board shall be final. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

H. PREPAYMENT OF SPECIAL TAX

The following definitions apply to this Section H:

"CFD Public Facilities" means either \$156.0 million in 2020 dollars, which shall increase by the Construction Inflation Index on July 1, 2021, and on each July 1 thereafter, or such lower number as (i) shall be determined by the Treasurer as sufficient to provide the public facilities to be provided by CFD No. 2021-1 on behalf of IA No. 1 under the authorized financing program for IA No. 1, or (ii) shall be determined by the Board concurrently with a covenant that it will not issue any more Bonds to be supported by Special Taxes levied under this Rate and Method of Apportionment.

"Construction Inflation Index" means the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the Treasurer that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Improvement Fund, (ii) moneys currently on deposit in the Improvement Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance facilities costs.

"Improvement Fund" means an account specifically identified in the Fiscal Agent Agreement to hold funds which are currently available for expenditure to acquire or construct public facilities eligible under the Act.

"Outstanding Bonds for Prepayment" means, as of any date of determination, all Previously Issued Bonds which are deemed to be outstanding under the Fiscal Agent Agreement after the first interest and/or principal payment date following the current Fiscal Year.

"Previously Issued Bonds" means all Bonds that have been issued by CFD No. 2021-1 for IA No. 1 prior to the date of prepayment.

"Update Property" means, for each Fiscal Year, an Assessor's Parcel of Approved Property or Undeveloped Property that will be classified as Developed Property in a subsequent Fiscal Year based on Building Permits and escrow closings as of the date of the prepayment calculation.

1. Prepayment in Full

Any Assessor's Parcel of Taxable Property, except for Assessor's Parcels of Update Property for which a Building Permit has not been issued, may be prepaid. The Special Tax obligation applicable to such Assessor's Parcel in CFD No. 2021-1 may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the Treasurer with written notice of intent to prepay. Within 30 days of receipt of such written notice, the Treasurer shall notify such owner of the prepayment amount of such Assessor's Parcel. The Treasurer may charge a reasonable fee for providing this figure.

The Prepayment Amount (defined below) shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
<u>less</u>	<u>Capitalized Interest Credit</u>
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount (defined below) shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. For Assessor's Parcels of Developed Property, compute the Assigned Special Tax and the Backup Special Tax for the Assessor's Parcel to be prepaid. For Assessor's Parcels of Update Property, compute the Assigned Special Tax and Backup Special Tax for that Assessor's Parcel as though it was already designated as Developed Property. For all other Taxable Property, compute the Maximum Special Tax for that Assessor's Parcel.
3. (a) Divide the Assigned Special Tax (for Assessor's Parcels of Developed Property or Update Property) or the Maximum Special Tax (for all other Taxable Property), as applicable, computed pursuant to paragraph 2 by the total estimated Assigned Special Taxes based on the Developed Property Special Taxes which could be

charged in the current Fiscal Year on all expected development through buildout, as estimated by the Treasurer, excluding any Assessor's Parcels which have been prepaid, and

(b) Divide the Backup Special Tax (for Assessor's Parcels of Developed Property or Update Property) or the Maximum Special Tax (for all other Taxable Property), as applicable, computed pursuant to paragraph 2 by the total estimated Backup Special Taxes at buildout, as estimated by the Treasurer, excluding any Assessor's Parcels which have been prepaid.

4. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the Outstanding Bonds for Prepayment to compute the amount of Outstanding Bonds for Prepayment to be retired and prepaid (the "Bond Redemption Amount").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds for Prepayment to be redeemed (the "Redemption Premium").
6. Compute the current Future Facilities Costs.
7. Multiply the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "Future Facilities Amount").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest and/or principal payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds for Prepayment.
9. Determine the Special Taxes levied on the Assessor's Parcel in the current Fiscal Year which have not yet been paid.
10. Compute the minimum amount the Treasurer reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds for Prepayment to be redeemed with the prepayment.
11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "Defeasance Amount").
12. Verify the administrative fees and expenses of CFD No. 2021-1 related to the IA No. 1 prepayment, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "Administrative Fees and Expenses").

13. The reserve fund credit (the "Reserve Fund Credit") shall equal the lesser of: (a) the expected reduction in the reserve requirement (as defined in the Fiscal Agent Agreement), if any, associated with the redemption of Outstanding Bonds for Prepayment as a result of the prepayment, or (b) the amount derived by subtracting the new reserve requirement (as defined in the Fiscal Agent Agreement) in effect after the redemption of Outstanding Bonds for Prepayment as a result of the prepayment from the balance in the reserve fund on the prepayment date, but in no event shall such amount be less than zero.
14. If any capitalized interest for the Outstanding Bonds for Prepayment will not have been expended at the time of the first interest and/or principal payment following the current Fiscal Year, a capitalized interest credit shall be calculated by multiplying the larger quotient computed pursuant to paragraph 3(a) or 3(b) by the expected balance in the capitalized interest fund after such first interest and/or principal payment (the "Capitalized Interest Credit").
15. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amounts computed pursuant to paragraphs 13 and 14 (the "Prepayment Amount").
16. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, 13 and 14 shall be deposited into the appropriate fund as established under the Fiscal Agent Agreement and be used to retire Outstanding Bonds for Prepayment or make debt service payments. The amount computed pursuant to paragraph 7 shall be deposited into the Improvement Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 2021-1.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund established under the Fiscal Agent Agreement to be used with the next prepayment of bonds or to make debt service payments.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 9 (above), the Treasurer shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel that is prepaid, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the prepayment of Special Taxes and the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such Assessor's Parcel to pay the Special Tax shall cease.

Notwithstanding the foregoing, no Special Tax prepayment shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds for Prepayment.

2. Prepayment in Part

The Maximum Special Tax on any Assessor's Parcel of Developed Property and Update Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1; except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A$$

These terms have the following meaning:

PP = the partial prepayment

P_E = the Prepayment Amount calculated according to Section H.1

F = the percent by which the owner of the Assessor's Parcel(s) is partially prepaying the Maximum Annual Special Tax.

A = the Administrative Fees and Expenses from Section H.1

The owner of an Assessor's Parcel who desires to partially prepay the Maximum Special Tax shall notify the Treasurer of (i) such owner's intent to partially prepay the Maximum Special Tax, (ii) the percentage by which the Maximum Special Tax shall be prepaid, and (iii) the company or agency that will be acting as the escrow agent, if applicable. The Treasurer shall provide the owner with a statement of the amount required for the partial prepayment of the Maximum Special Tax for an Assessor's Parcel within 30 days of the request and may charge a reasonable fee for providing this service.

With respect to any Assessor's Parcel that is partially prepaid, the Water District shall (i) distribute the funds remitted to it according to Paragraph 16 of Section H.1., and (ii) indicate in the records of IA No. 1 that there has been a partial prepayment of the Maximum Special Tax and that a portion of the Maximum Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax shall continue to be authorized to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no partial prepayment of a Special Tax shall be allowed unless the amount of Assigned Special Taxes that may be levied on Taxable Property within IA No. 1 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds for Prepayment.

I. RELEASE OF OBLIGATION OF CERTAIN ASSESSOR'S PARCELS TO PAY SPECIAL TAXES

Prior to the adoption by the Board of a resolution authorizing the issuance of Bonds, Assessor's Parcels or Lots within IA No. 1 can be released from the obligation to pay Special Taxes for IA No. 1 at the request of the property owner of record and subject to approval by the Board. Such request shall be provided to the CFD Administrator in writing and include a list of the Assessor's Parcels and/or Lots that are intended to be released.

To the extent that the Board approves the request by June 30 of a Fiscal Year, the property shall be released from the obligation to pay Special Taxes in the next Fiscal Year and any future Fiscal Years. With respect to any Assessor's Parcel or Lot that is released, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the release of the Special Tax lien on such Assessor's Parcel and/or Lots, and the obligation of such property to pay the Special Tax shall cease.

Following the adoption by the Board of a resolution authorizing the issuance of Bonds, the Special Tax obligation for property within IA No. 1 can only be released pursuant to the applicable provisions of the Fiscal Agent Agreement pursuant to which such Bonds are issued.

J. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed fifty years commencing with Fiscal Year 2021-2022.

EXHIBIT C

RATE AND METHOD OF APPORTIONMENT FOR TEJON-CASTAC WATER DISTRICT IMPROVEMENT AREA M OF COMMUNITY FACILITIES DISTRICT NO. 2021-1 (MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)

A Special Tax as hereinafter defined shall be levied on all Assessor's Parcels in Improvement Area M ("IA M") of Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements) ("CFD No. 2021-1") and collected each Fiscal Year commencing in Fiscal Year 2021-2022, in an amount determined by the Treasurer through the application of this Rate and Method of Apportionment as described below. All of the real property in IA M, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre" or "Acreage" means the land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable final map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California.

"Administrative Expenses" means the following actual or reasonably estimated costs directly related to the administration of IA M, as determined by the Treasurer: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the Water District or designee thereof or both); the costs of collecting the Special Taxes (whether by the County or otherwise); the costs of remitting the Special Taxes to the Fiscal Agent; the costs of the Fiscal Agent (including its legal counsel) in the discharge of the duties required of it under the Fiscal Agent Agreement; the costs to the Water District, CFD No. 2021-1 or any designee thereof of complying with arbitrage rebate requirements; the costs to the Water District, CFD No. 2021-1 or any designee thereof of complying with Water District, IA M or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the Water District, CFD No. 2021-1 or any designee thereof related to an appeal of the Special Tax; the costs associated

with the release of funds from an escrow account; and the Water District's annual administration fees and third party expenses associated with administration of CFD No. 2021-1 or the Bonds. Administrative Expenses shall also include amounts estimated or advanced by the Water District or CFD No. 2021-1 for any other administrative purposes of IA M, including attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes.

"Approved Property" means, for each Fiscal Year, all Taxable Property, exclusive of Developed Property, for which a Final Map was recorded prior to January 1 of the previous Fiscal Year.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Board" means the Board of Directors of the Tejon-Castac Water District, acting as the legislative body of CFD No. 2021-1.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 2021-1 for which special tax revenues from IA M are pledged pursuant to the applicable Fiscal Agent Agreement.

"CFD No. 2021-1" means Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements).

"County" means the County of Kern.

"Developed Property" means, for each Fiscal Year, all Taxable Property, for which a building permit for new construction was issued after January 1, 2020 and prior to January 1 of the prior Fiscal Year.

"Exempt Welfare Exemption Property" means, for each Fiscal Year, an Assessor's Parcel that is (a) receiving a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute), as indicated in the County's assessor's roll finalized as of January 1 of the previous Fiscal Year, and (b) exempt from the Special Tax pursuant to Section 53340(c) of the Act. Pursuant to Section 53340(c) of the Act, after the issuance of the first series of Bonds any Assessor's Parcels that receive a welfare exemption under subdivision (g) of Section 214 of the California Revenue and Taxation Code (or any successor statute) shall not be classified as Exempt Welfare Exemption Property and will be subject to the Special Tax.

"Final Map" means (i) a final map or parcel map, or portion thereof, approved by the County pursuant to the Subdivision Map Act (California Government Code Section 66410

et seq.) that creates individual lots for which building permits may be issued, or (ii) for condominiums, a final map approved by the County and a condominium plan recorded pursuant to California Civil Code Section 4285 creating such individual lots.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Fiscal Agent" means the fiscal agent or trustee under the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Maximum Special Tax" means the maximum Special Tax, determined in accordance with Section C below, that can be levied in any Fiscal Year on any Assessor's Parcel.

"Open Space Property" means, for each Fiscal Year, any property within CFD No. 2021-1 that is owned in fee by, granted by easement to, or dedicated to a non-profit entity for purposes of preserving open space or for preserving land for wildlife or habitat purposes, as determined by the Treasurer, as of January 1 of the prior Fiscal Year.

"Outstanding Bonds" means, as of any date of determination, all Bonds which are then outstanding under the Fiscal Agent Agreement.

"Property Owner Association Property" means, for each Fiscal Year, any property within CFD No. 2021-1 that was owned by or irrevocably dedicated to a property owner association, including any master or sub-association, as of January 1 of the prior Fiscal Year.

"Proportionately" means that the ratio of the actual Special Tax levy per Acre to the Maximum Special Tax per Acre is equal for all Assessor's Parcels of Developed Property, Approved Property or Undeveloped Property in CFD No. 2021-1.

"Public Property" means, for each Fiscal Year, any property within CFD No. 2021-1 that is owned by, irrevocably offered for dedication to, or dedicated to the federal government, the State, the County, the Water District, or any other public agency as of January 1 of the prior Fiscal Year; provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use.

"Reserve Requirement" means the reserve requirement for the Bonds as defined in the Fiscal Agent Agreement.

"Special Tax" means the special tax to be levied in each Fiscal Year on each Assessor's Parcel of Taxable Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required in any Fiscal Year which is equal to the special tax requirement for such Fiscal Year for any improvement area of CFD No. 2021-1 for which Special Taxes of IA M are pledged, less the amount of special taxes levied under steps one through three of Section D of the rate and method of apportionment for such improvement area.

"State" means the State of California.

"Taxable Property" means, for each Fiscal Year, all of the Assessor's Parcels within CFD No. 2021-1 which are not exempt from the Special Tax pursuant to law or Section E below.

"Treasurer" means an official of the Water District, or designee thereof, responsible for determining the Special Tax Requirement and providing for the levy and collection of the Special Taxes.

"Undeveloped Property" means, for each Fiscal Year, all Taxable Property not classified as Approved Property or Developed Property.

"Water District" means the Tejon-Castac Water District.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, all Taxable Property within IA M shall be classified as Developed Property, Approved Property, or Undeveloped Property, and shall be subject to Special Taxes in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

C. MAXIMUM SPECIAL TAX RATE

1. Maximum Special Tax

The Fiscal Year 2021-2022 Maximum Special Tax for an Assessor's Parcel of Developed Property, Approved Property, or Undeveloped Property shall equal \$56,706 per Acre.

2. Increase in the Maximum Special Tax

On each July 1, commencing on July 1, 2022, the Maximum Special Tax for an Assessor's Parcel shall be increased by an amount equal to two percent (2%) of the amount in effect for the previous Fiscal Year.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2021-2022 and for each following Fiscal Year, to the extent that there are Outstanding Bonds for any improvement area of CFD No. 2021-1, the Treasurer shall determine the Special Tax Requirement and shall levy the Special Tax as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Maximum Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Approved Property at up to 50% of the Maximum Special Tax for Approved Property;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, the Special Tax shall be levied Proportionately on each Assessor's Parcel of Undeveloped Property at up to 50% of the Maximum Special Tax for Undeveloped Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the levy of the Special Tax for each Assessor's Parcel of Approved Property shall be increased Proportionately at up to 100% of the Maximum Special Tax for Approved Property; and

Fifth: If additional monies are needed to satisfy the Special Tax Requirement after the first four steps have been completed, then the levy of the Special Tax for each Assessor's Parcel of Undeveloped Property shall be increased Proportionately at up to 100% of the Maximum Special Tax for Undeveloped Property.

Notwithstanding the above, pursuant to Section 53321(d)(3) of the California Government Code, under no circumstances shall the Special Tax levied in any Fiscal Year against any Assessor's Parcel in IA M for which an occupancy permit for private residential use has been issued be increased as a consequence of delinquency or default by the owner or owners of any other Assessor's Parcel(s) within IA M by more than 10% above the amount that would have been levied in that Fiscal Year had there never been any such delinquencies or defaults. To the extent that the levy of the Special Tax on Assessor's Parcels of residential property is limited by the provision in the previous sentence, the levy of the Special Tax on all other Assessor's Parcels of Developed Property within IA M shall continue to increase in equal percentages at up to 100% of the Maximum Special Tax.

E. EXEMPTIONS

No Special Tax shall be levied on any Assessor's Parcel in any Fiscal Year in with such Assessor's Parcel is classified as Exempt Welfare Exemption Property, Property Owner Association Property, Public Property, and/or Open Space Property.

F. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 2021-1 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations, and may covenant to foreclose and may actually foreclose on delinquent Assessor's Parcels as permitted by the Act.

G. PROPERTY OWNER APPEALS OF SPECIAL TAX LEVIES

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the Treasurer not later than one calendar year after having paid the Special Tax that is disputed. The Treasurer shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the Treasurer's decision requires that the Special Tax be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the next Special Tax levy. Any dispute over the decision of the Treasurer shall be referred to the Board and the decision of the Board shall be final. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

Interpretations may be made by the Board by ordinance or resolution for purposes of clarifying any vagueness or ambiguity in this Rate and Method of Apportionment.

I. RELEASE OF OBLIGATION OF CERTAIN ASSESSOR'S PARCELS TO PAY SPECIAL TAXES

Prior to the adoption by the Board of a resolution authorizing the issuance of Bonds, Assessor's Parcels within IA M can be released from the obligation to pay Special Taxes for IA M at the request of the property owner of record and subject to approval by the Board. Such request shall be provided to the CFD Administrator in writing and include a list of the Assessor's Parcels that are intended to be released. To the extent that the Board approves the request by June 30 of a Fiscal Year, the property shall be released from the obligation to pay Special Taxes in the next Fiscal Year and any future Fiscal Years. With respect to any Assessor's Parcel that is released, the Board shall cause a suitable notice to be recorded in compliance with the Act, to indicate the release of the Special Tax lien on such Assessor's Parcel, and the obligation of such property to pay the Special Tax shall cease.

Following the adoption by the Board of a resolution authorizing the issuance of Bonds, the Special Tax obligation for property within IA M can only be released pursuant to the applicable provisions of the Fiscal Agent Agreement pursuant to which such Bonds are issued.

J. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed fifty years commencing with Fiscal Year 2021-2022.

PROPOSED BOUNDARIES OF
TEJON-CASTAC WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)
COUNTY OF KERN,
STATE OF CALIFORNIA

(1) Filed in the office of the Secretary of the Tejon-Castac Water District this ____ day of _____, 2021.

Assessor Parcels within Improvement Area M of the Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements):

- 255-630-14
- 255-680-01
- 255-680-12
- 255-680-13
- 255-680-14
- 255-680-15
- 255-690-01
- 255-690-09
- 255-690-10
- 255-690-19
- 255-690-22
- 255-690-23
- 255-690-24
- 255-690-25
- 255-700-01
- 255-700-07
- 255-700-08
- 255-700-09
- 255-700-10
- 255-700-11
- 255-700-16
- 255-700-17
- 255-700-18
- 255-700-20
- 255-700-22
- 255-700-23
- 255-700-25
- 255-700-26
- 255-700-27
- 255-700-28
- 255-700-29
- 255-700-30
- 255-700-31
- 255-700-35
- 255-700-36
- 255-700-37
- 255-700-38
- 255-700-41
- 255-700-42
- 255-710-01
- 255-710-05
- 255-710-10
- 255-710-11
- 255-710-12
- 255-710-13
- 255-710-14
- 255-720-01
- 255-720-02
- 255-720-03
- 255-720-04
- 255-720-05
- 255-720-06
- 255-720-07
- 255-720-08
- 255-720-09
- 255-720-10
- 255-720-15
- 255-720-16
- 255-720-17
- 255-730-01
- 255-730-02
- 255-730-04
- 255-730-05
- 255-730-09
- 255-730-10
- 255-730-11
- 255-730-12
- 255-740-02
- 255-740-05
- 255-740-06
- 255-740-07
- 255-740-08
- 255-740-15

Assessor Parcels within Improvement Area 1 of the Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements):

- 255-690-20
- 255-690-21
- 255-690-26
- 255-690-30
- 255-700-04
- 255-700-14
- 255-700-15
- 255-700-21
- 255-700-39
- 255-700-43
- 255-700-44
- 255-700-45
- 255-720-14

Angelica Martin,
Secretary,
Tejon-Castac Water District, Kern County, California

(2) I hereby certify that the within map showing the proposed boundaries of Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements), County of Kern, State of California, was approved by the Board of Directors of the Tejon-Castac Water District at a special meeting thereof, held on this _____ day of _____, 2021, by its Resolution No. _____.

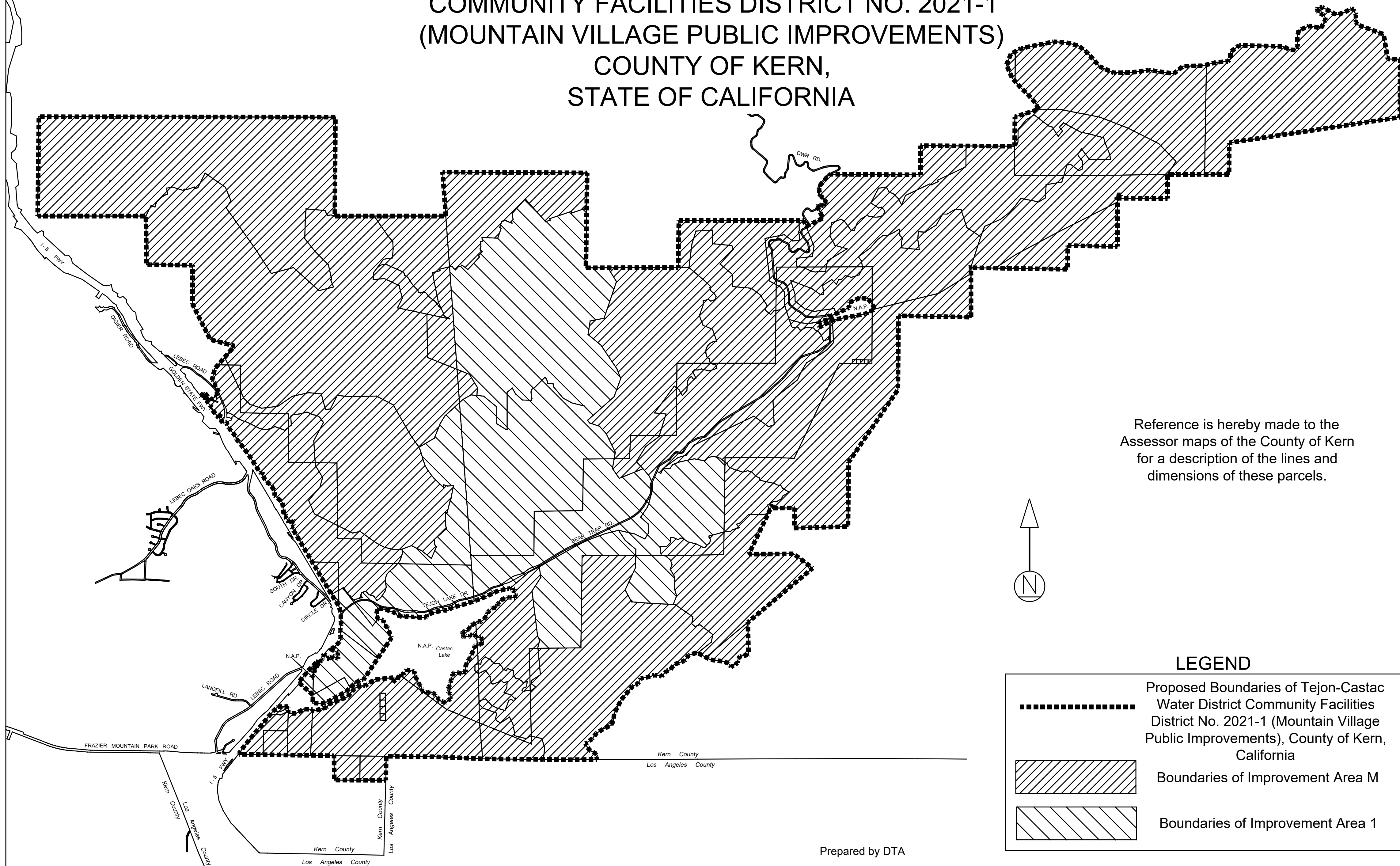
Angelica Martin,
Secretary,
Tejon-Castac Water District, Kern County, California

(3) Filed this ____ day of _____, 2021, at the hour of ____ o'clock __m, in Book _____ of Maps of Assessment and Community Facilities Districts at Page _____ and as Instrument No. _____ in the office of the County Recorder of the County of Kern, State of California.

Jon Lifquist
Assessor-Recorder, County of Kern
By _____
Deputy
Fee _____

Exempt recording requested,
per CA Government Code §27383


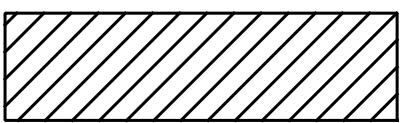
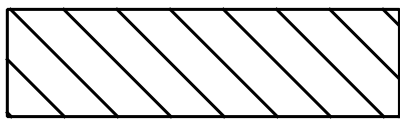
PROPOSED BOUNDARIES OF
TEJON-CASTAC WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2021-1
(MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)
COUNTY OF KERN,
STATE OF CALIFORNIA



Reference is hereby made to the Assessor maps of the County of Kern for a description of the lines and dimensions of these parcels.



LEGEND

	Proposed Boundaries of Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements), County of Kern, California
	Boundaries of Improvement Area M
	Boundaries of Improvement Area 1

ACQUISITION AGREEMENT

by and between

TEJON-CASTAC WATER DISTRICT

and

TEJON RANHCORP

Dated as of February 1, 2021

**Relating to:
Tejon-Castac Water District
Community Facilities District No. 2021-1
(Mountain Village Public Improvements)**

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ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (the "Acquisition Agreement"), dated as of February 1, 2021, is by and between the Tejon-Castac Water District (the "Water District") for the Water District's Community Facilities District No. 2021-1 (Mountain Village Public Improvements) and all Improvement Areas designated therein (collectively, the "CFD"), and Tejon Ranchcorp, a California corporation (the "Developer").

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. The following terms shall have the meanings ascribed to them in this Section 1.01 for purposes of this Acquisition Agreement.

"Acceptable Title" means title to land or interest therein, in form acceptable to the applicable public entity that will own and operate the applicable Facility, free and clear of all liens, taxes, assessments, leases, easements and encumbrances, whether or not recorded, but subject to any exceptions determined by the President (upon consultation with the applicable public entity that will own and operate the applicable Facility) as not interfering with the actual or intended use of the land or interest therein. Notwithstanding the foregoing, an irrevocable offer of dedication may constitute land with an "Acceptable Title" if: (i) such offer is necessary to satisfy a condition to a tentative or final parcel map, (ii) such offer is in a form acceptable to the President, (iii) the President has no reason to believe that such offer of dedication will not be accepted by the applicable public agency, and (iv) the Developer commits in writing not to allow any liens to be imposed on such property prior to its acceptance.

"Acceptance Date" means the date the Facilities has been inspected by the applicable public entity and found to be substantially completed in accordance with the approved Plans by the applicable public entity.

"Acquisition Agreement" means this Acquisition Agreement, together with any Supplement hereto.

"Act" means the Mello-Roos Community Facilities Act of 1982, Sections 53311 et seq. of the California Government Code, as amended.

"Actual Cost" means the substantiated cost of a Facility or a Discrete Component, which costs may include: (i) the costs incurred by the Developer for the construction of such Facility or Discrete Component, (ii) the costs incurred by the Developer in preparing the Plans for such Facility or Discrete Component and the related costs of environmental evaluations of the Facility

or Discrete Component, (iii) the fees paid to governmental agencies for obtaining permits, licenses or other governmental approvals for such Facility or Discrete Component, (iv) professional costs incurred by the Developer or the Water District associated with such Facility or Discrete Component, such as engineering, legal, accounting, inspection, construction staking, materials testing and similar professional services; and (v) costs directly related to the construction and/or acquisition of a Facility or Discrete Component, such as costs of payment, performance and/or maintenance bonds, and insurance costs (including costs of any title insurance required hereunder). Actual Cost may include construction, project management or other similar fees payable to the Developer or any party related thereto or cost of carry or interest expense with respect to any construction loan obtained by the Developer with respect to the Facilities; provided that the costs referred to in this sentence do not exceed 10% of the other Actual Costs of the related Facility.

“Bonds” means any bonds or other debt obligation incurred by the Water District for the CFD or any Improvement Area therein.

“CFD” means the Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements), created by the Water District under the Act, and includes all improvement areas designated therein pursuant to Section 53350 of the Act.

“County” means the County of Kern, California.

“Component Reviewer” shall mean one or more architects, general contractors, engineers or other persons or entities with similar experience to any of the foregoing, in each case selected by the Developer and reasonably satisfactory to the President, which shall conduct the review of one or more Discrete Components as described in Section 5.03 hereof. The Developer shall be responsible for payment of all fees and expenses of each Component Reviewer, subject to reimbursement as part of an Actual Cost of the related Discrete Component. A Component Reviewer may be employed by the Developer in connection with the respective Discrete Component or in connection with other Facilities described in Exhibit A or Discrete Components thereof, so long as such relationship is disclosed to the President, and the respective Component Reviewer is otherwise reasonably acceptable to the President.

“Developer” means Tejon Ranchcorp, a California corporation, and its successors and assigns to the extent permitted under Section 10.07 hereof.

“Discrete Component” means a discrete portion or phase of a Facility that the President has agreed can be separately identified as a discrete portion or phase of a Facility, and be the subject of a Payment Request hereunder. A Discrete Component of any Facility with a Purchase Price of less than \$1,000,000 must be capable of serviceable use, as determined (i) initially by the President, and (ii) finally by the Board of Directors of the Water District by its approval of this Acquisition Agreement and any Supplement hereto that amends or supplements Exhibit B hereto; provided, however, only Discrete Components of Facilities eligible for acquisition by the Water

District from the Developer (taking into account the last sentence of the definition "Facilities" in this Section 1.01) may be funded under this Acquisition Agreement.

"Facilities" means the public facilities described in Exhibit A hereto which are eligible to be financed by the CFD. Notwithstanding the foregoing, only Facilities to be owned and operated by one or more of the Water District, the County or any other public agency that has entered into a joint community facilities agreement with the Water District of the character described in Section 53316.2 of the Act prior to the issuance of Bonds proceeds of which are to be used to finance the applicable Facilities, are eligible for acquisition from the Developer under this Acquisition Agreement.

"Fiscal Agent" means the entity acting as fiscal agent under a Fiscal Agent Agreement, or any successor thereto acting as fiscal agent under the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means any agreement by that name between the Water District and the Fiscal Agent, providing for, among other matters, the issuance of the Bonds and the establishment of the Improvement Fund, as it may be amended from time to time.

"Improvement Area" means an improvement area within the CFD as designated by the Board of Directors of the Water District pursuant to Section 53350 of the Act.

"Improvement Fund" means (a) prior to the date of issuance of any Bonds, a fund maintained by the Water District into which it will deposit Special Taxes in accordance with Section 3.04 hereof; and (b) from and after the issuance of any Bonds, an Improvement Fund established by a Fiscal Agent Agreement. During the period in which the Improvement Fund is to be maintained by the Water District, it may be maintained as a component of any other fund maintained by the Water District and funds therein may be commingled with other Water District funds for investment and safekeeping purposes, so long as the Water District maintains separate records for the amounts deposited thereto, any investment earnings thereon, and any amounts withdrawn therefrom.

"Payment Request" means a document, substantially in the form of Exhibit C hereto, to be used by the Developer in requesting payment of a Purchase Price.

"Plans" means the plans, specifications, schedules and related construction contracts for the Facilities and/or any Discrete Components thereof approved pursuant to the applicable standards of the entity that will own, operate or maintain the Facilities when completed and acquired.

"President" means the President of the Water District, or his written designee acting as such under this Acquisition Agreement.

"Purchase Price" means the amount paid by the Water District for a Facility and/or any Discrete Components thereof determined in accordance with Article V hereof, being an amount

equal to the Actual Cost of such Facility or Discrete Component, but subject to the limitations and reductions provided for in Article V.

"Rate and Method of Apportionment" means, collectively, the rate and method of apportionment of special taxes for each Improvement Area of the CFD, as approved in the proceedings to form the CFD, and as they may thereafter be altered in accordance with the Law.

"Supplement" means a written document amending, supplementing or otherwise modifying this Acquisition Agreement and any exhibit hereto, including any amendments to the list of Discrete Components in Exhibit B, and/or the addition to Exhibit B of additional Facilities (and Discrete Components) to be financed with the proceeds of the Bonds deposited in the Improvement Fund.

"Water District" means the Tejon-Castac Water District.

ARTICLE II

RECITALS

Section 2.01. The CFD. The Board of Directors of the Water District has established the CFD under the Act for the financing of the acquisition, construction and installation of the Facilities listed in Exhibit A hereto.

Section 2.02. The Development. The Developer is developing the land within the CFD.

Section 2.03. The Facilities. The Facilities are within or in the vicinity of the CFD, and the Water District and the Developer will benefit from a coordinated plan of design, engineering and construction of the Facilities and the development of the land. The Developer acknowledges that the inclusion of Facilities in Exhibit A hereto in no way, in itself, obligates the Water District to issue any Bonds to acquire the Facilities from the Developer or implies that the Water District has in any way engaged the Developer to construct the Facilities. The Facilities which are the subject of acquisition by the Water District from the Developer under this Acquisition Agreement are only the Facilities listed in Exhibit B hereto, as such Exhibit may be amended and/or supplemented by any Supplement.

Section 2.04. The Financing. The Developer and the Water District wish to finance the acquisition of the Facilities and the payment therefor by entering into this Acquisition Agreement for the acquisition of the Facilities, and payment for Discrete Components thereof with amounts on deposit in the Improvement Fund.

This Acquisition Agreement shall apply to the funding and acquisition of Facilities by any of the improvement areas of the CFD. When Special Taxes are collected or Bonds are issued for an improvement area, Exhibit B hereto shall be provided by the Developer to designate Discrete Components of Facilities to be acquired with such Special Taxes or the proceeds of Bonds issued for such improvement area.

Section 2.05. The Bonds. The Water District is proceeding with the authorization and issuance of the Bonds under the Act and the Fiscal Agent Agreement, the proceeds of which Bonds shall be used, in part, to finance the acquisition of all or a portion of the Facilities. The execution by the Water District of this Acquisition Agreement in no way obligates the Water District to issue any Bonds, or to acquire any Facilities with proceeds of any Bonds issued, except the Facilities listed in Exhibit B hereto which are to be acquired subject to the terms and conditions set forth in this Agreement.

Section 2.06. No Advantage to Water District Construction. The Water District, by its approval of this Acquisition Agreement, has determined that it will obtain no advantage from undertaking the construction by the Water District directly of the Facilities, and that the provisions of this Acquisition Agreement require that the Facilities be constructed by the Developer as if they had been constructed under the direction and supervision of the Water District. The Developer

hereby represents that it has experience in the supervision of the construction of public facilities of the character of the Facilities.

Section 2.07. Agreements. In consideration of the mutual promises and covenants set forth herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Water District and the Developer agree that the foregoing recitals, as applicable to each, are true and correct and further make the agreements set forth herein.

ARTICLE III

FUNDING

Section 3.01. Water District Proceedings. The Water District shall conduct all necessary proceedings under the Act for the issuance, sale and delivery of the Bonds; provided, however, that nothing herein shall be construed as requiring the Water District to issue the Bonds or any series thereof. Upon the written request of the Developer, the Developer and the Water District's consultants shall meet regarding the amount, timing and other material aspects of each series of the Bonds, but the legal proceedings and the series, principal amounts, rates, terms and conditions and timing of the sale of the Bonds shall be in all respects subject to the approval of the Board of Directors of the Water District. The authorized aggregate principal amount of the Bonds for Improvement Area 1 of the CFD is \$250,000,000, and for Improvement Area M of the CFD is \$1,500,000,000. The net proceeds from any sale of Bonds (other than Bonds issued to refund previously issued Bonds) will be deposited in the Improvement Fund.

The Water District acknowledges that (a) the special tax rates in the respective Rate and Method of Apportionment for each of Improvement Areas 1 and M of the CFD (the "RMAs") were based on home prices estimated prior to the issuance of the first series of the Bonds, with a maximum expected annual special tax rate that, when combined with the annual ad valorem County taxes and any overlapping annual liens on the property (other than homeowner's association fees and landscaping and lighting district maintenance fees authorized but not expected to be levied), does not exceed 2.0% of such expected home prices; (b) the maximum authorized indebtedness in each of Improvement Areas 1 and M of the CFD was based on the special tax rates in the RMAs; (c) the boundaries of Improvement Areas 1 and M of the CFD were based on the phasing of the development of the land in the CFD as expected at the time of formation of the CFD; (d) Improvement Areas 1 and M of the CFD will be developed separately at different times over the next several years; and (e) at the time that the Water District considers the issuance of Bonds for any Improvement Areas of the CFD, several of the assumptions underlying the RMAs, the bonded indebtedness and the boundary map for the respective Improvement Areas may need to be revised by reason of, among other matters, increases in the home prices for homes to be constructed in such Improvement Areas and changes in plan of development for the land in the CFD, which changes may give rise to proposals from the Developer for modifications to the RMAs, the boundary map, the list of facilities authorized to be funded by the respective Improvement Areas, and the amount of Bonds authorized to be issued for an Improvement Area.

The Developer has requested, and the Water District agrees, that it may be desirable to adjust the maximum special tax rates in the RMAs for an Improvement Area prior to the time that Bonds are to be issued for such Improvement Area to reflect the then-current home sales price market data. Consequently, at the written request and expense of the Developer, the Water District agrees to obtain a new market study of any such Improvement Area for which Bonds are expected to be issued. Furthermore, the Water District agrees to take reasonable steps to

commence proceedings (i.e., place a resolution of consideration on the Board of Directors agenda) to (a) amend maximum special tax rates in the RMAs to reflect the new estimated home prices (and to make any other changes to the RMAs deemed necessary or desirable by the Water District following consultation with the Developer) if the new market study justifies such an increase (or other change); (b) to establish the authorized Bonded indebtedness limit of the applicable Improvement Area for which Bonds are to be issued, if appropriate to reflect any proposed maximum special tax rates; (c) to alter the authorized list of Facilities for the respective Improvement Area, as may be requested by the Developer and deemed appropriate by the President; and/or (d) to alter the boundaries of any Improvement Area as may be requested by the Developer if the Water District deems it appropriate to make a change to such boundaries.

Section 3.02. Bonds. The Water District, in connection with this Acquisition Agreement, is proceeding with the authorization to issue Bonds for the CFD. The Water District agrees to consider the issuance of each series of the Bonds upon the written request of the Developer subject to the following: (a) the Developer shall agree in an agreement with the Water District to pay all non contingent costs of the Water District necessary to consider the issuance of such Bonds, subject to reimbursement of such amount so advanced by the Developer from the proceeds of the Bonds, when and if issued and as permitted under the Act; (b) the Bonds shall satisfy all of the requirements under any applicable Fiscal Agent Agreement; (c) the landowner in the CFD shall assist the Water District in preparation of any disclosure agreement as deemed appropriate by the Water District in connection with the offer and sale of the Bonds and the execution of any related disclosure certificate; and (d) the timing of sale and principal amount of such additional Bonds shall be determined by the Water District upon consultation with the Developer.

The Water District shall not be obligated to pay the Purchase Price of the Facilities or any Discrete Components thereof except from amounts on deposit in the Improvement Fund. The Water District makes no warranty, express or implied, that the proceeds of the Bonds deposited and held in the Improvement Fund, and any investment earnings thereon deposited to the Improvement Fund, will be sufficient for payment of the Purchase Price of all of the Facilities.

The Water District agrees that, in determining the principal amount of each series of the Bonds to be issued it will take into account a minimum debt service coverage ratio of 110% (based upon the aggregate assigned special taxes authorized to be levied in the applicable Improvement Area upon buildout of the Improvement Area and estimated annual administrative expenses of the Water District as a first priority for the use of Special Taxes to be levied in the respective Improvement Area), and will require a minimum "value-to-lien" ratio of 3:1 determined in a manner consistent with the Water District's adopted Local Goals and Policies for Community Facilities Districts. The Water District agrees to consider the use of an escrow structure, at the Developer's request, in order to comply with the minimum 3:1 value-to-lien ratio requirement.

While the Water District now expects to issue one or more series of the Bonds, the Water District shall be under no obligation to issue any Bonds and makes no warranty, express or implied,

that Bonds will be issued, or if issued, that the proceeds thereof placed in the Improvement Fund, if any, will be sufficient to pay for all of the Facilities.

Section 3.03. Bond Proceeds. The proceeds of the Bonds shall be deposited, held, invested, reinvested and disbursed as provided in the Fiscal Agent Agreement. A portion of the proceeds of the Bonds will be set aside under the Fiscal Agent Agreement in the Improvement Fund. Moneys in the Improvement Fund shall be withdrawn therefrom in accordance with the provisions of the Fiscal Agent Agreement and the applicable provisions hereof for payment of all or a portion of the costs of construction and/or acquisition of the Facilities (including payment of the Purchase Price of Discrete Components thereof), all as herein provided.

The Developer agrees that the Water District alone shall direct the investment of the funds on deposit in the funds and accounts established by or pursuant to the Fiscal Agent Agreement, including the Improvement Fund, and that the Developer has no right whatsoever to direct investments under the Fiscal Agent Agreement.

The Water District shall have no responsibility whatsoever to the Developer with respect to any investment of funds made by the Fiscal Agent under the Fiscal Agent Agreement, including any loss of all or a portion of the principal invested or any penalty for liquidation of an investment. Any such loss may diminish the amounts available in the Improvement Fund to pay the Purchase Price of Facilities and Discrete Components hereunder. The Developer further acknowledges that the obligation of any owner of real property in the CFD, including the Developer to the extent it owns any real property in the CFD, to pay special taxes levied in the CFD is not in any way dependent on: (i) the availability of amounts in the Improvement Fund to pay for all or any portion of the Facilities or Discrete Components thereof hereunder, or (ii) the alleged or actual misconduct of the Water District in the performance of its obligations under this Acquisition Agreement, the Fiscal Agent Agreement, any developer agreement or amendment thereto or any other agreement to which the Developer and the Water District are signatories.

The Developer acknowledges that any lack of availability of amounts in the Improvement Fund to pay the Purchase Price of Facilities or any Discrete Components thereof shall in no way diminish any obligation of the Developer with respect to the construction of or contributions for public facilities and mitigation measures required by any subdivision, development or other agreement to which the Developer is a party, or any governmental approval to which the Developer or any land within the CFD is subject.

Section 3.04. Special Taxes. The Water District agrees, when and if the CFD is formed, to levy the Special Taxes on property in Improvement Area 1 of the CFD in accordance with the Rate and Method of Apportionment for Improvement Area 1. Aggregate annual Special Tax levies prior to the issuance of the first series of the Bonds shall not exceed amounts agreed to by the Developer from time to time. The Water District agrees to deposit any Special Taxes received by it prior to the issuance of any Bonds, after deducting any Administrative Expenses (as defined in the Rate and Method of Apportionment) theretofore incurred and expected to be incurred in the then Fiscal Year, in the Improvement Fund.

On the date of issuance of the first series of the Bonds, the Water District shall transfer all amounts then held by it in the Improvement Fund maintained by it as described in clause (a) of the definition of "Improvement Fund" in Section 1.01 hereof to the Fiscal Agent for deposit by the Fiscal Agent to the Improvement Fund established under the Fiscal Agent Agreement for such Bonds.

The Water District agrees, so long as any amounts are owing to the Developer under this Acquisition Agreement for the Purchase Prices of Facilities in excess of available funds in the Improvement Fund, it will continue to levy Special Taxes on property in the CFD in order to make deposits to the Improvement Fund to pay amounts so owing. The Water District agrees to deposit in the Improvement Fund Special Taxes levied and collected in excess of those needed to pay the debt service on outstanding Bonds and Administration Expenses (as defined in the Rate and Method of Apportionment). Proceeds of Bonds in any Improvement Fund shall be used for payments to the Developer hereunder prior to the use of Special Taxes deposited thereto, except as may otherwise be provided in any Fiscal Agent Agreement pursuant to which the Bonds were issued.

ARTICLE IV

CONSTRUCTION OF FACILITIES

Section 4.01. Plans. To the extent that it has not already done so, the Developer shall cause Plans to be prepared for the Facilities. The Developer shall obtain the written approval of the Plans in accordance with applicable ordinances and regulations of the public entity that will own and operate the Facilities. Copies of all Plans shall be provided by the Developer to the President upon request therefor.

Section 4.02. Duty of Developer to Construct. All Facilities to be acquired hereunder specified in Exhibit B hereto shall be constructed by or at the direction of the Developer in accordance with the approved Plans. The Developer shall perform all of its obligations hereunder and shall conduct all operations with respect to the construction of Facilities in a good, workmanlike and commercially reasonable manner, with the standard of diligence and care normally employed by duly qualified persons utilizing their best efforts in the performance of comparable work and in accordance with generally accepted practices appropriate to the activities undertaken. The Developer shall employ at all times adequate staff or consultants with the requisite experience necessary to administer and coordinate all work related to the design, engineering, construction and installation of the Facilities to be acquired by the Water District from the Developer hereunder.

The Developer shall be obligated: (i) to construct and cause conveyance to the applicable governmental agency all Facilities and Discrete Components thereof listed in Exhibit B hereto, and (ii) to use its own funds to pay all costs thereof in excess of the Purchase Prices thereof to be paid therefor hereunder.

The Developer shall not be relieved of its obligation to construct each Facility and Discrete Component thereof listed in Exhibit B hereto and convey each such Facility to the applicable governmental agency that will own and operate them in accordance with the terms hereof, even if, (i) because of the limitations imposed by Section 5.06 hereof, the Purchase Price for such Discrete Component or Facility is less than the Actual Cost, or cost to the Developer, of such Discrete Component or Facility, or (ii) there are insufficient funds in the Improvement Fund to pay the Purchase Prices thereof, and, in any event, this Acquisition Agreement shall not affect any obligation of any owner of land in the CFD under any other agreement or any governmental approval to which any land within the CFD is subject, with respect to the public improvements required in connection with the development of the land within the CFD. Such obligation of the Developer to construct and convey such Facilities, and pay the costs thereof in excess of available monies in the Improvement Fund, shall be an obligation of the Developer as a party to this Acquisition Agreement without regard to any governmental conditions to development of the land in the CFD that may otherwise apply to the land owners in the CFD.

Section 4.03. Relationship to Public Works. This Acquisition Agreement is for the acquisition of the Facilities and payment for Discrete Components thereof listed in Exhibit B hereto from moneys in the Improvement Fund and is not intended to be a public works contract. The Water District and the Developer agree that the Facilities are of local, and not state-wide concern, and that the provisions of the California Public Contract Code shall not apply to the construction of the Facilities. The Water District and the Developer agree that the Developer shall award all contracts for the construction of the Facilities and the Discrete Components thereof listed in Exhibit B hereto and that this Acquisition Agreement is necessary to assure the timely and satisfactory completion of the Facilities and that compliance with the Public Contract Code with respect to the Facilities would work an incongruity and would not produce an advantage to the Water District or the CFD.

Notwithstanding the foregoing, the Developer shall award all contracts for construction of the Facilities listed in Exhibit B hereto and materials related thereto that are not subject to a construction contract as of the date of execution of this Acquisition Agreement by means of a bid process whereby at least three independent bids are obtained unless otherwise approved by the President, and the contract is awarded to the best responsible bidder. The President shall use reasonable discretion in connection with any approval of less than three bids, and shall take into account, among any other matters the Developer may identify, the nature of the work to be performed and the availability of competent firms to perform the same as of the contract bid date. The President shall be entitled to discuss the bidding process with the Developer at any time and from time to time, and to require reasonable changes thereto for future contracts if, in the judgment of the President, said process is not resulting in competitive bids for the Facilities. The Developer represents that any construction contracts for Facilities or Discrete Components that may be listed in Exhibit B hereto in effect as of the date of execution of this Acquisition Agreement were awarded to the best responsible bidder, and the costs of the Facilities incurred pursuant to such contracts were in no way increased by reason of the anticipated acquisition thereof with proceeds of the Bonds.

From time to time at the request of the President, the Developer shall meet and confer with the President regarding matters arising hereunder with respect to the Facilities, Discrete Components and the progress in constructing and acquiring the same, and as to any other matter related to the Facilities or this Acquisition Agreement.

Notwithstanding the foregoing provisions of this Section 4.03, and in accordance with Section 53329.5 of the Act, if at the time bids are received for any particular Facility or Discrete Component the Developer owns three-fourths of the area of lands in the CFD taxed or liable to be taxed for purposes of the CFD, the Developer or a designated agent thereof (who shall provide the President with a written declaration under penalty of perjury in a form reasonably acceptable to the President to the effect that the Developer so owns such land and, if applicable, that such other entity is such an agent) may, within 10 days after the publication of the notice of the award of the contract, elect to perform the work and enter into a written contract to do the whole work at prices not exceeding the prices specified in the bid of the bidder to whom the contract was awarded, and all work done under the contract shall be subject to all provisions of this Acquisition

Agreement other than the requirement that the contract work be awarded to and performed by the best responsible bidder. The Developer shall advise the President of any election under the preceding sentence, and shall promptly provide written notice to the bidder to whom the contract was awarded of its election to perform the work, and that the services of such winning bidder will no longer be required. The Developer (and its agents) may only avail itself of the foregoing provisions of this paragraph if the bid documents for the respective Facility or Discrete Component expressly disclosed its right to do so.

Section 4.04. Independent Contractor. In performing this Acquisition Agreement, the Developer is an independent contractor and not the agent or employee of the Water District or the CFD. Neither the Water District nor the CFD shall be responsible for making any payments to any contractor, subcontractor, agent, consultant, employee or supplier of the Developer.

Section 4.05. Performance and Payment Bonds. The Developer agrees to comply with all applicable performance and payment bonding requirements, if otherwise required of applicable public entities and/or public utilities with respect to the construction of the Facilities. Separate performance and payment bonds for the benefit of the Water District shall not be required.

Section 4.06. Contracts and Change Orders. The Developer shall be responsible for entering into all contracts and any supplemental agreements (commonly referred to as "change orders") required for the construction of the Facilities listed in Exhibit B hereto, as amended from time to time. Any approval by the President of a supplemental agreement as part of the Purchase Price for a completed Facility or Discrete Component, to the extent that it increases the Actual Cost of a Facility or Discrete Component, such increased cost may be payable as part of the Purchase Price of the related Facility or Discrete Component as provided in Section 5.06A. hereof.

Section 4.07. Time for Completion. The Developer agrees to use its good faith efforts to complete all Facilities or Discrete Components thereof to be financed with any particular series of the Bonds within thirty-six (36) calendar months from the date of issuance of the respective series of the Bonds. Any failure to complete the Facilities within said time period shall not, however, in itself, constitute a breach by the Developer of the terms of this Acquisition Agreement.

ARTICLE V

ACQUISITION AND PAYMENT

Section 5.01. Inspection. Payments hereunder in respect of Discrete Components (other than the final Discrete Component for a Facility) may be made only if a letter from a Component Reviewer is provided by the Developer, as described in Section 5.03 below, for the Discrete Component addressing the matters described in clause (i)(a) of the second sentence of Section 5.03 relating to inspection of the work performed. No payment hereunder shall be made by the Water District to the Developer for a Facility or Discrete Component thereof until the Facility or Discrete Component thereof has been inspected and found to be substantially completed in accordance with the approved Plans by the applicable public entity or utility. The Water District shall make or cause to be made periodic site inspections of the Facilities to be acquired hereunder; provided that in no event shall the Water District incur any liability for any delay in the inspection of any Facilities or Discrete Components. For Facilities to be acquired by other public entities or utilities, the Developer shall be responsible for obtaining inspections by the applicable public agencies of the Facilities to be owned by them. The Developer agrees to pay all inspection, permit and other similar fees applicable to construction of the Facilities.

Section 5.02. Agreement to Sell and Purchase Facilities. The Developer hereby agrees to convey the Facilities listed in Exhibit B hereto to the applicable public agency that will own a Facility, and the Water District hereby agrees to use amounts in the Improvement Fund to pay the Purchase Prices thereof to the Developer, subject to the terms and conditions hereof. The Water District shall not be obligated to finance the purchase of any Facility until the Facility is completed and the Acceptance Date for such Facility has occurred; provided that the Water District has agreed hereunder to make payments to the Developer for certain Discrete Components of Facilities expressly shown in Exhibit B hereto, as it may be supplemented by any Supplement. The Developer acknowledges that the Discrete Components have been identified for payment purposes only, and that the applicable public agency that will own a Facility is not expected to accept a Facility of which a Discrete Component is a part until the entire Facility has been substantially completed. The Water District acknowledges that the Facilities or Discrete Components do not have to be accepted by the applicable public agency that will own a Facility as a condition precedent to the payment of the Purchase Price therefor, but any such payment shall not be made until the President has received the Component Reviewer's letter described in clause (i) of the second sentence of Section 5.03 for the related Discrete Component. In any event, the Water District shall not be obligated to pay the Purchase Price for any Facility or Discrete Component except from the moneys in the Improvement Fund.

Section 5.03. Payment Requests. In order to receive the Purchase Price for a completed Facility or Discrete Component, inspection thereof under Section 5.01 shall have been made and the Developer shall deliver to the President a Payment Request in the form of Exhibit C hereto for such Facility or Discrete Component, together with all attachments and exhibits required by Exhibit C and this Section 5.03 to be included therewith (including, but not limited to Attachments 1 and 2 to Exhibit C). In addition to a Payment Request, the Developer also shall submit to the President

(i) for any payment in respect of a Discrete Component (other than the final Discrete Component of a Facility), a letter from a Component Reviewer to the effect that the applicable Discrete Component, as described in Exhibit B to this Acquisition Agreement, (a) has been completed, based upon an inspection of the work performed, and (b) has an Actual Cost of not more than the Purchase Price being requested in the Payment Request, based upon an examination of invoices, contracts or other relevant documentation provided by the Developer; and (ii) if payment is requested for a completed Facility, (a) if the property on which the Facility is located is not owned by the applicable public agency that will own the Facility at the time of the request, a copy of the recorded documents conveying to the applicable public agency that will own the Facility Acceptable Title to the real property on, in or over which such Facility is located, as described in Section 6.01 hereof, (b) a copy of the recorded notice of completion of such Facility (if applicable), (c) to the extent paid for with the proceeds of the Bonds, an assignment or reasonable credits to the CFD of any reimbursements that may be payable with respect to the Facility, such as public or private utility reimbursements, and (d) evidence of an assignment of the warranties and guaranties for such Facility, as described in Section 6.02 hereof, in a form acceptable to the public agency that will own the Facility.

Section 5.04. Processing Payment Requests. Upon receipt of a Payment Request (and all accompanying documentation), the President shall conduct a review in order to confirm that such Request is complete, that such Discrete Component or Facility identified therein was constructed in accordance with the Plans therefor, and to verify and approve the Actual Cost of such Discrete Component or Facility specified in such Payment Request. The President shall also conduct such review as is required in his discretion to confirm the matters certified in the Payment Request. The Developer agrees to cooperate with the President in conducting each such review and to provide the President with such additional information and documentation as is reasonably necessary for the President to conclude each such review. Within ten (10) business days of receipt of any Payment Request, the President will use good faith efforts to review the request for completeness and notify the Developer whether such Payment Request is complete, and, if not, what additional documentation must be provided. If such Payment Request is complete, the President expects to provide a written approval or denial (specifying the reason for any denial) of the request within 30 days of its submittal. If a Payment Request seeking reimbursement for more than one Facility or Discrete Component is denied, the President shall state whether the Payment Request is nevertheless approved and complete for any one or more Facilities or Discrete Components and any such Facilities or Discrete Components shall be processed for payment under Section 5.05 notwithstanding such partial denial.

Section 5.05. Payment. Upon approval of the Payment Request by the President, the President shall sign the Payment Request and forward the same to the Treasurer of the Water District. Upon receipt of the reviewed and fully signed Payment Request, the Treasurer of the Water District shall, within the then current Water District financial accounting payment cycle but in any event within fifteen (15) business days of receipt of the approved Payment Request, cause the same to be paid by the Fiscal Agent under the applicable provisions of the Fiscal Agent Agreement, to the extent of funds then on deposit in the Improvement Fund. Any approved Payment Request not paid due to an insufficiency of funds in the Improvement Fund, shall be paid

promptly following the deposit into the Improvement Fund of proceeds of any investment earnings or other amounts transferred to the Improvement Fund under the terms of the Fiscal Agent Agreement.

The parties hereto acknowledge that (i) the Developer will be constructing Facilities and Discrete Components prior to the issuance of any Bonds the proceeds of which will be used to reimburse the Developer for those Facilities and Discrete Components after the execution of this Acquisition Agreement, (ii) the Developer may be submitting Payment Requests to the Water District in advance of such issuance of the Bonds, (iii) Payment Requests for Facilities and Discrete Components that are submitted when there are no or insufficient proceeds in the Improvement Fund will be reviewed by the President as set forth in this Article V, and (iv) the payment for any Payment Requests approved in the preceding manner will be deferred until the date, if any, on which there are sufficient amounts in the Improvement Fund to make such payment, at which time the President will promptly forward the approved Payment Requests to the Treasurer of the Water District, who will then arrange for payment from the Fiscal Agent in the manner set forth above. At all times, the construction of the Facilities is made with the expectation that such Facilities will be purchased by the Water District (but solely from amounts available in the Improvement Fund), and that the conveyance of such Facilities to the party that will own the same prior to receipt of the Purchase Price for such Facilities shall not be construed as a dedication or gift, or a waiver of the obligation hereunder to pay the Purchase Price for such Facilities.

The Purchase Price paid hereunder for any Facility or Discrete Component shall constitute payment of Actual Costs in full for such Facility or Discrete Component, including, without limitation, payment for all labor, materials, equipment, tools and services used or incorporated in the work, supervision, administration, overhead, expenses and any and all other things required, furnished or incurred for completion of such Facility or Discrete Component, as specified in the Plans.

Section 5.06. Restrictions on Payments. Notwithstanding any other provisions of this Acquisition Agreement, the following restrictions shall apply to any payments made to the Developer under Sections 5.02 and 5.05 hereof:

A. Amounts of Payments. Subject to the following paragraphs of this Section 5.06, payments for each Discrete Component or Facility will be made only in the amount of the Purchase Price for the respective Discrete Component or Facility. Nothing herein shall require the Water District in any event (i) to pay more than the Actual Cost of a Facility or Discrete Component, or (ii) to make any payment beyond the available funds in the Improvement Fund. The parties hereto acknowledge and agree that all payments to the Developer for the Purchase Prices of Facilities or Discrete Components are intended to be reimbursements to the Developer for monies already expended or for immediate payment by the Developer (or directly by the Water District) to third parties in respect of such Facilities and/or Discrete Components.

B. Joint or Third Party Payments. The Water District may make any payment jointly to the Developer and any mortgagee or trust deed beneficiary, contractor or supplier of materials, as their interests may appear, or solely to any such third party, if the Developer so requests the same in writing or as the Water District otherwise reasonably determines such joint or third party payment is necessary to obtain lien releases.

C. Withholding Payments. The Water District shall be entitled, but shall not be required, to withhold any payment hereunder for a Discrete Component or a Facility if the Developer is delinquent in the payment of ad valorem real property taxes, special assessments or taxes, or Special Taxes levied in the CFD. In the event of any such delinquency, the Water District shall only make payments hereunder, should any be made at the Water District's sole discretion, directly to contractors or other third parties employed in connection with the construction of the Facilities or to any assignee of the Developer's interests in this Acquisition Agreement (and not to the Developer), until such time as the Developer provides the President with evidence that all such delinquent taxes and assessments have been paid.

The Water District shall withhold payment for the last Discrete Component of a Facility constructed on land, until Acceptable Title to such land is conveyed to the public entity that will own the respective Facility, as described in Article VI hereof.

The Water District shall be entitled to withhold any payment hereunder for a Discrete Component that is the subject of a Payment Request until it is satisfied that any and all claims for labor and materials have been paid by the Developer for the Discrete Component that is the subject of a Payment Request, or conditional lien releases have been provided by the Developer for such Discrete Component. The President, in his discretion, may waive this limitation upon the provision by the Developer of sureties, undertakings, securities and/or bonds of the Developer or appropriate contractors or subcontractors and deemed satisfactory by the President to assure payment of such claims.

The Water District shall be entitled to withhold payment for any Facility hereunder (or the final Discrete Component of any such Facility) until: (i) the President reasonably determines that the Facility is ready for its intended use, (ii) the Acceptance Date for the Facility has occurred and the requirements of Section 6.01, if applicable to such Facility, have been satisfied, and (iii) a Notice of Completion executed by the Developer, in a form acceptable to the President, has been recorded for the Facility and general construction lien releases conditioned solely upon payment from the proceeds of the Bonds to be used to acquire such Facility (or final Discrete Component) have been submitted to the President for the Facility. The Water District hereby agrees that the Developer shall have the right to post or cause the appropriate contractor or subcontractor to post a bond with the Water District and/or the public entity that will own the Facility to indemnify it for any losses sustained by the Water District and/or such entity because of any liens that may exist at the time of acceptance of such a Facility, so long as such bond is drawn on an

obligor and is otherwise in a form acceptable to the President and the applicable public entity. The Water District shall be entitled to withhold payment for any Facility (or the final Discrete Component of any such Facility) until the Developer provides the President with evidence that the governmental entity that will own such Facility has accepted dedication of and/or title to the Facility. If the President determines that a Facility is not ready for intended use under (i) above, the President shall so notify the Developer as soon as reasonably practicable in writing specifying the reason(s) therefor.

Nothing in this Acquisition Agreement shall be deemed to prohibit the Developer from contesting in good faith the validity or amount of any mechanics or materialman's lien nor limit the remedies available to the Developer with respect thereto so long as such delay in performance shall not subject the Facilities or any Discrete Component thereof to foreclosure, forfeiture or sale. In the event that any such lien is contested, the Developer shall only be required to post or cause the delivery of a bond in an amount equal to the amount in dispute with respect to any such contested lien, so long as such bond is drawn on an obligor and is otherwise in a form reasonably acceptable to the President.

Section 5.07. Defective or Nonconforming Work. If any of the work done or materials furnished for a Facility or Discrete Component are found by the President to be defective or not in accordance with the applicable Plans, the President shall provide written notice thereof to the Developer specifying in reasonable detail the applicable defect or nonconformity: (i) and such finding is made prior to payment for the Purchase Price of such Facility or Discrete Component hereunder, the Water District may withhold payment therefor until such defect or nonconformance is corrected to the satisfaction of the President, or (ii) and such finding is made after payment of the Purchase Price of such Facility or Discrete Component, the Water District and the Developer shall act in accordance with the applicable provisions of the Green Book, Standard Specifications for Public Works Construction (SSPWC), of the Southern California Chapter of the American Public Works Association).

Section 5.08. Modification of Discrete Components. Upon written request of the Developer, the President shall consider modification of the description of any Discrete Component. Any such modification shall be subject to the written approval of the President, and shall not diminish the overall Facilities to be provided by the Developer hereunder in a material way such that the change invalidates any of the assumptions used in any appraisal conducted to sell Bonds. It is expected that any such modification will be solely for purposes of dividing up the work included in any Discrete Component for purposes of acceptance and payment, for example: (i) separation of irrigation and landscaping from other components of a Discrete Component, (ii) modifications to allow for payment for roadway improvements prior to completion of the top course of paving, or (iii) division of utility construction by utility work orders. In most instances, the President will only approve modifications for payment purposes when there will be an unusual period of time between the completion and acceptance of such divided work or to better implement the phasing of the overall construction of the Facilities; but no such circumstances shall this Section in any way obligate the President to approve such modification.

ARTICLE VI

OWNERSHIP AND TRANSFER OF FACILITIES

Section 6.01. Conveyance of Property. With respect to any Facility to be owned by a public entity other than the Water District, the Developer shall comply with such entities rules and regulations regarding title and conveyance of property, and provide the President with evidence of such compliance and conveyance to such entity of Acceptable Title.

Section 6.02. Maintenance and Warranties. The Developer shall maintain each Discrete Component in good and safe condition until the Acceptance Date of the Facility of which such Discrete Component is a part. Prior to the Acceptance Date, the Developer shall be responsible for performing any required maintenance on any completed Discrete Component or Facility. On or before the Acceptance Date of the Facility, the Developer shall assign to the public entity that will own the Facility all of the Developer's rights in any warranties, guarantees, maintenance obligations or other evidence of contingent obligations of third persons with respect to such Facility.

The Developer shall maintain or cause to be maintained each Facility (including the repair or replacement thereof) for a period required by the applicable public entity from the Acceptance Date thereof, to insure that defects, which appear within said period will be repaired, replaced, or corrected by the Developer, at its own cost and expense. After such period, the applicable public entity shall be responsible for maintaining such Facility. Any warranties, guarantees or other evidences of contingent obligations of third persons with respect to the Facilities shall be delivered to the public entity that will own the Facility as part of the transfer of title.

ARTICLE VII

INSURANCE

Section 7.01. Insurance Requirements. The Developer shall, at all times prior to the final Acceptance Date of all Facilities, maintain and deliver to the Water District evidence of and keep in full force and effect, or cause the general contractor for the Facilities to maintain and deliver to the Water District evidence of and keep in full force and effect, not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policies satisfactory to the President: (i) Workers, Compensation and Employer's Liability – Workers' Compensation - coverage as required by law; Employer's Liability - limits of at least \$100,000.00 per occurrence; (ii) Comprehensive General Liability – Combined Single Limit - \$1,000,000.00; and (iii) Automobile Liability – Combined Single Limit - \$1,000,000.00. The automobile and general comprehensive liability policies shall be accompanied by an umbrella policy with a combined limit of \$2,000,000.00.

All of the Developer's insurance policies shall contain an endorsement providing that written notice shall be given to the Water District at least 30 calendar days prior to termination, cancellation, or reduction of coverage in the policy.

The Bodily Injury and Property Damage Liability policies shall contain the following:

A. An endorsement extending coverage to the Water District and its agents as an insured, in the same manner as the named insured as respects liabilities arising out of the performance of any work related to the Facilities. Such insurance shall be primary insurance as respects the interest of the Water District, and any other insurance maintained by the Water District shall be excess and not contributing insurance with the insurance required hereunder.

B. Severability of Interest clause.

C. Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to the liability assumed by the Developer under this Acquisition Agreement.

Upon written request of the President, the Developer shall deliver to the President copies of all required policies and endorsements thereto that are required under this Section 7.01, on forms which are acceptable to the President.

The foregoing requirements as to the types, limits and Water District approval of insurance coverage to be maintained by the Developer are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Developer under this Acquisition Agreement.

Any policy or policies of insurance that the Developer or its contractors or subcontractors elect to carry as insurance (i) against loss or damage to their construction equipment and tools or other personal property used in fulfillment of this Acquisition Agreement or a contract related to the Facilities shall include a provision waiving the insurer's right of subrogation against the Water District, and (ii) in fulfillment of this Acquisition Agreement involving a dual obligee bond may contain a clause to the effect that: "provided that Principal and Surety shall not be liable to the Obligees or any of them unless the Obligees or any of them have performed the obligations to the Principal in accordance with the terms of said contract; and provided, further, that Principal and Surety shall not be liable to all Obligees in the aggregate in excess of the penal sum above stated."

Section 7.02. Standards Applicable. The Developer may effect such coverage under blanket insurance policies, provided, however, that (i) such policies are written on a per occurrence basis, (ii) such policies comply in all other respects with the provisions of Section 7.01, and (iii) the protection afforded the Water District under any such policy shall be no less than that which would be available under a separate policy relating only to this Acquisition Agreement. All policies of insurance shall be with companies licensed or approved by the State of California Insurance Commissioner and rated (i) A12 or better with respect to primary levels of coverage, and (ii) B+12 or better with respect to excess levels of coverage, in the most recent edition of Best's Insurance Guide and shall be issued and delivered in accordance with State law and regulations.

ARTICLE VIII

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 8.01. Representations, Covenants and Warranties of the Developer. The Developer represents and warrants for the benefit of the Water District as follows:

A. Organization. The Developer is a corporation duly organized and validly existing under the laws of the State of California, is in compliance with all applicable laws of the State, and has the power and authority to own its properties and assets and to carry on its business as now being conducted and as now contemplated.

B. Authority. The Developer has the power and authority to enter into this Acquisition Agreement, and has taken all action necessary to cause this Acquisition Agreement to be executed and delivered, and this Acquisition Agreement has been duly and validly executed and delivered by the Developer.

C. Binding Obligation. This Acquisition Agreement is a legal, valid and binding obligation of the Developer, enforceable against the Developer in accordance with its terms, subject to bankruptcy and other equitable principles.

D. Compliance with Laws. The Developer shall not with knowledge commit, suffer or permit any act to be done in, upon or to the lands of the Developer in the CFD or the Facilities in violation of any law, ordinance, rule, regulation or order of any governmental authority or any covenant, condition or restriction now or hereafter affecting the lands in the CFD or the Facilities.

E. Requests for Payment. The Developer represents and warrants that (i) it will not request payment from the Water District for the acquisition of any improvements that are not part of the Facilities, and (ii) it will diligently follow all procedures set forth in this Acquisition Agreement with respect to the Payment Requests.

F. Financial Records. Until the final acceptance of the Facilities, the Developer covenants to maintain proper books of record and account for the construction of the Facilities and all costs related thereto. Such accounting books shall be maintained in accordance with generally accepted accounting principles, and shall be available for inspection by the Water District or its agent at any reasonable time during regular business hours on reasonable notice.

G. Prevailing Wages. The Developer covenants that, with respect to any contracts or subcontracts for the construction of the Facilities to be acquired from the Developer hereunder, it will assure complete compliance with any applicable law or regulation for the payment of prevailing wages for such construction. The Developer shall provide the

President with reasonable written evidence of compliance with prevailing wage requirements upon written request.

H. Plans. The Developer represents that it has obtained or will obtain approval of the Plans for the Facilities to be acquired from the Developer hereunder from the appropriate public entity or public utility. The Developer further agrees that the Facilities to be acquired from the Developer hereunder have been or will be constructed in full compliance with such approved plans and specifications and any supplemental agreements (change orders) thereto, as approved in the same manner.

I. Land Owners. The Developer agrees that in the event that it sells any land owned by it within the boundaries of the CFD, the Developer will (i) notify the purchaser in writing prior to the closing of any such sale of the existence of this Acquisition Agreement and the Developer's rights and obligations hereunder with respect to the construction of and payment for the Facilities, and (ii) notify the purchaser in writing of the existence of the CFD and the special tax lien in connection therewith, and otherwise comply with any applicable provision of Section 53341.5 of the Act. The foregoing clause (i), however, shall not apply to sales of individual lots/homes to homebuyers.

J. Additional Information. The Developer agrees to cooperate with all reasonable written requests for nonproprietary information by the Original Purchasers of the Bonds or the Water District related to the status of construction of improvements within the CFD, the anticipated completion dates for future improvements, and any other matter material to the investment quality of the Bonds.

K. Continuing Disclosure. The Developer agrees to comply with all of its obligations under any continuing disclosure agreement executed by it in connection with the offering and sale of any of the Bonds.

Section 8.02. Indemnification and Hold Harmless. The Developer shall assume the defense of, indemnify and save harmless the Water District and the CFD, members of the Board of Directors of the Water District, and the officers, officials, employees and agents of the Water District, from and against all actions, damages, claims, losses or expense of every type and description to which they may be subjected or put, by reason of, or resulting from the breach of any provision of this Acquisition Agreement by the Developer, the Developer's or any other entity's negligent design, engineering and/or construction of any of the Facilities acquired from the Developer hereunder, the Developer's non-payment under contracts between the Developer and its consultants, engineer's, advisors, contractors, subcontractors and suppliers in the provision of the Facilities, or any claims of persons employed by the Developer or its agents to construct the Facilities. Notwithstanding the foregoing, no indemnification is given hereunder for any action, damage, claim, loss or expense directly attributable to the intentional acts or active negligence of the Water District, or its officers, directors, employees or agents hereunder.

No provision of this Acquisition Agreement shall in any way limit the Developer's responsibility for payment of damages resulting from the operations of the Developer, its agents, employees or its contractors.

ARTICLE IX

TERMINATION

Section 9.01. No Bonds. If, for any reason, the Water District does not issue any of the Bonds for the CFD by December 31, 2030, this Acquisition Agreement shall terminate and be null and void and of no further effect.

Section 9.02. Mutual Consent. This Acquisition Agreement may be terminated by the mutual, written consent of the Water District and the Developer, in which event the Water District may let contracts for any remaining work related to the Facilities not theretofore acquired from the Developer hereunder, and use all or any portion of the monies in the Improvement Fund to pay for same, and the Developer shall have no claim or right to any further payments for the Purchase Price of Facilities or Discrete Components hereunder, except as otherwise may be provided in such written consent.

Section 9.03. Water District Election for Cause. The following events shall constitute grounds for the Water District, at its option, to terminate this Acquisition Agreement, without the consent of the Developer:

(a) The Developer shall voluntarily file for reorganization or other relief under any Federal or State bankruptcy or insolvency law.

(b) The Developer shall have any involuntary bankruptcy or insolvency action filed against it, or shall suffer a trustee in bankruptcy or insolvency or receiver to take possession of the assets of Developer, or shall suffer an attachment or levy of execution to be made against the property it owns within the CFD unless, in any of such cases, such circumstance shall have been terminated or released within ninety (90) days thereafter.

(c) The Developer shall abandon construction of the Facilities. Failure for a period of six consecutive months to undertake substantial work related to the construction of the Facilities, other than for a reason specified in Section 9.04 hereof, shall constitute a noninclusive example of such abandonment.

(d) The Developer shall breach any material covenant or default in the performance of any material obligation hereunder.

(e) The Developer shall transfer any of its rights or obligations under this Acquisition Agreement without the prior written consent of the Water District; provided, however, no such consent shall be required with respect to an assignment by the Developer solely of any right to payment hereunder.

(f) The Developer shall have made any material misrepresentation or omission in any written materials furnished in connection with any preliminary official statement,

official statement or bond purchase contract used in connection with the sale of any series of the Bonds.

(g) The Developer or any of its Affiliates shall at any time challenge the validity of the CFD or any of the Bonds, or the levy of Special Taxes within the CFD, other than on the grounds that such levy was not made in accordance with the terms of the Rate and Method of Apportionment of the Special Taxes for the CFD.

If any such event occurs, the Water District shall give written notice of its knowledge thereof to the Developer, and the Developer agrees to meet and confer with the President and other appropriate Water District staff and consultants as to options available to assure timely completion of the Facilities. Such options may include, but not be limited to the termination of this Acquisition Agreement by the Water District. If the Water District elects to terminate this Acquisition Agreement, the Water District shall first notify the Developer (and any mortgagee or trust deed beneficiary specified in writing by the Developer to the Water District to receive such notice) of the grounds for such termination and allow the Developer a minimum of thirty (30) days to eliminate or mitigate to the satisfaction of the President the grounds for such termination. Such period may be extended, at the sole discretion of the Water District, if the Developer, to the satisfaction of the President, is proceeding with diligence to eliminate or mitigate such grounds for termination. If at the end of such period (and any extension thereof), as determined solely by the Water District, the Developer has not eliminated or completely mitigated such grounds, to the satisfaction of the Water District, the Water District may then terminate this Acquisition Agreement.

Notwithstanding the foregoing, so long as any event listed in any of clauses (a) through and including (g) above has occurred, notice of which has been given by the Water District to the Developer, and such event has not been cured or otherwise eliminated by the Developer, the Water District may in its discretion cease making payments for the Purchase Price of Facilities or Discrete Components under Article V hereof.

Section 9.04. Force Majeure. Whenever performance is required of a party hereunder, that party shall use all due diligence and take all necessary measures in good faith to perform, but if completion of performance is delayed by reasons of floods, earthquakes or other acts of God, war, civil commotion, riots, strikes, picketing, or other labor disputes, damage to work in progress by casualty, or by other cause beyond the reasonable control of the party (financial inability excepted), then the specified time for performance shall be extended by the amount of the delay actually so caused.

ARTICLE X

MISCELLANEOUS

Section 10.01. Limited Liability of Water District. The Developer agrees that any and all obligations of the Water District arising out of or related to this Acquisition Agreement are special and limited obligations of the Water District and the Water District's obligations to make any payments hereunder are restricted entirely to the moneys, if any, in the Improvement Fund and from no other source. No member of the Water District Board of Directors, or Water District staff member, employee or agent shall incur any liability hereunder to the Developer or any other party in their individual capacities by reason of their actions hereunder or execution hereof.

Section 10.02. Excess Costs. The Developer agrees to pay all costs of the Facilities that it is obligated to construct pursuant to Section 4.02 in excess of the moneys available therefor in the Improvement Fund.

Section 10.03. Audit. The President and/or the Treasurer or other finance officer of the Water District shall have the right, during normal business hours and upon the giving of two (2) business days prior written notice to the Developer, to review all books and records of the Developer pertaining to costs and expenses incurred by the Developer in to any of the Facilities, and any bids taken or received for the construction thereof or materials therefor.

Section 10.04. Attorney's Fees. In the event that any action or suit is instituted by either party against the other arising out of this Acquisition Agreement, the party in whose favor final judgment shall be entered shall be entitled to recover from the other party all costs and expenses of suit, including reasonable attorneys' fees.

Section 10.05. Notices. Any notice, payment or instrument required or permitted by this Acquisition Agreement to be given or delivered to either party shall be deemed to have been received when personally delivered, or transmitted by telecopy or facsimile transmission (which shall be immediately confirmed by telephone and shall be followed by mailing an original of the same within twenty-four hours after such transmission), or seventy-two hours following deposit of the same in any United States Post Office, registered or certified mail, postage prepaid, addressed as follows:

Water District or CFD: Tejon-Castac Water District
5665 Santa Elena Drive
Arvin, CA 93203
Attention: President

Developer: Tejon Ranchcorp
4436 Lebec Road
Lebec, CA 93243
Attention: Chief Financial Officer

Each party may change its address or addresses for delivery of notice by delivering written notice of such change of address to the other party.

Section 10.06. Severability. If any part of this Acquisition Agreement is held to be illegal or unenforceable by a court of competent jurisdiction, the remainder of this Acquisition Agreement shall be given effect to the fullest extent possible.

Section 10.07. Successors and Assigns. This Acquisition Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto. This Acquisition Agreement shall not be assigned by the Developer without the prior written consent of the Water District, which consent shall not be unreasonably withheld; provided, however, no such consent shall be required with respect to an assignment by the Developer solely of any right to payment hereunder. In connection with any such consent of the Water District, the Water District may condition its consent upon the acceptability of the financial condition of the proposed assignee, the assignee's express assumption of all obligations of the Developer hereunder, and/or upon any other factor which the Water District deems relevant in the circumstances. In any event, any such assignment shall be in writing, shall clearly identify the scope of the rights and/or obligations assigned, and shall not be effective until approved by the Water District. No assignment, whether or not consented to by the Water District, shall release the Developer from its obligations and liabilities under this Acquisition Agreement.

Section 10.08. Other Agreements. The obligations of the Developer hereunder shall be those of a party hereto and not as an owner of property in the CFD. Nothing herein shall be construed as affecting the Water District's or the Developer's rights, or duties to perform their respective obligations, under other agreements, use regulations or subdivision requirements relating to the development of the lands in the CFD. This Acquisition Agreement shall not confer any additional rights, or waive any rights given, by either party hereto under any development or other agreement to which they are a party.

Section 10.10. Waiver. Failure by a party to insist upon the strict performance of any of the provisions of this Acquisition Agreement by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Acquisition Agreement thereafter.

Section 10.11. Merger. No other agreement, statement or promise made by any party or any employee, officer or agent of any party with respect to any matters covered hereby that is not in writing and signed by all the parties to this Acquisition Agreement shall be binding.

Section 10.12. Parties in Interest. Nothing in this Acquisition Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or entity other than the Water District and the Developer any rights, remedies or claims under or by reason of this Acquisition Agreement or any covenants, conditions or stipulations hereof; and all

covenants, conditions, promises, and agreements in this Acquisition Agreement contained by or on behalf of the Water District or the Developer shall be for the sole and exclusive benefit of the Water District and the Developer.

Section 10.13. Amendment. This Acquisition Agreement may be amended, from time to time, by written Supplement hereto and executed by both the Water District and the Developer.

Section 10.14. Counterparts. This Acquisition Agreement may be executed in counterparts, each of which shall be deemed an original.

Section 10.15. Governing Law. The provisions of this Acquisition Agreement shall be governed by the laws of the State of California applicable to contracts made and performed in the State of California.

IN WITNESS WHEREOF, the parties have executed this Acquisition Agreement as of the day and year first-above written.

TEJON-CASTAC WATER DISTRICT, for itself and on behalf of the TEJON-CASTAC WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2021-1 (MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)

By: _____
Dennis Atkinson,
President

TEJON RANHCORP, a California corporation

By: _____
Hugh McMahon,
Executive Vice President – Real Estate

20035.01:J17172

ACQUISITION AGREEMENT

EXHIBIT A

GENERAL DESCRIPTION OF AUTHORIZED FACILITIES ELIGIBLE FOR ACQUISITION

The "Facilities" include the following types of improvements within, in the vicinity of, or otherwise necessitated by development occurring within, the area included within the CFD:

- Water treatment facilities to include potable water storage tanks, treatment plant, pipeline system potable, pipeline system raw water, raw water storage tanks.
- Waste water treatment plant and facilities, including sewer pipe lines and appurtenances.
- Storm drainage facilities.
- Reclaimed water systems to include pipe lines and storage facilities.
- Intersection and interchange improvements.
- Public roadways and appurtenances.
- Fire stations, including a helipad, and a sheriff station and related appurtenances.

"Facilities" shall include the attributable costs of engineering, design, planning, materials testing, coordination, construction staking, and construction, together with the expenses related to issuance and sale of any "debt", as defined in Section 53317(d) of the Act, including underwriters' discount, appraisals, market studies, reserve fund, capitalized interest, legal counsel, special tax consultant, municipal advisor, bond and official statement printing, administrative expenses of the Water District and bond trustee or fiscal agent related to the CFD, and any such debt and all other incidental expenses as defined in Section 53317(e) of the Act.

The CFD (including the Improvement Areas) may also finance or fund, and the special taxes may also be used, for any of the following purposes:

- To pay for the purchase, construction, expansion, improvement or rehabilitation of any of the Facilities, and to reimburse the Water District, Kern County or any third parties for advances made to purchase, construct, expand, improve or rehabilitate any of the Facilities.
- To pay principal of, interest on, and any premium due with respect to, any bonds or other indebtedness issued or entered into by the Water District for the CFD or any

Improvement Area, and to pay lease payments or installment sale payments with respect to any of the Facilities.

- To pay annual or periodic administrative fees of the Water District and any bond trustee or fiscal agent related to the CFD, an Improvement Area or any debt of the CFD or an Improvement Area, and to reimburse the Water District for costs and expenses related to the administration of the CFD and the bonds.
- To reimburse the Water District or any third parties for actual costs advanced that are related to the formation of the CFD and the designation of Improvement Areas.

The Facilities listed in this Exhibit are representative of the types of improvements to be furnished by the CFD. Detailed scope and limits of specific projects will be determined as appropriate. Addition, deletion or modification of descriptions of Facilities may be made consistent with the requirements of the Act.

ACQUISITION AGREEMENT

EXHIBIT B

DESCRIPTION OF FACILITIES AND DISCRETE COMPONENTS

[to be completed prior to issuance of first series of bonds]

ACQUISITION AGREEMENT

EXHIBIT C

FORM OF PAYMENT REQUEST

PAYMENT REQUEST NO. _____

The undersigned (the "Developer"), hereby requests payment in the total amount of \$_____ for the Facilities (as defined in the Acquisition Agreement, dated as of _____ 1, 2020, between the Tejon-Castac Water District (the "Water District"), with respect to the Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements), and the Developer), or Discrete Components thereof (as described in Exhibit B to that Agreement), all as more fully described in Attachment 1 hereto. In connection with this Payment Request, the undersigned hereby represents and warrants to the Water District as follows:

1. He(she) is a duly authorized officer of the Developer, qualified to execute this Payment Request for payment on behalf of the Developer and is knowledgeable as to the matters set forth herein.

2. To the extent that this payment request is with respect to a completed Facility, the Developer has submitted to the public entity that will own and operate the Facility as-built drawings or similar plans and specifications for the items to be paid for as listed in Attachment 1 hereto with respect to any such completed Facility, and such drawings or plans and specifications, as applicable, are true, correct and complete.

To the extent that this payment request is for a Discrete Component, submitted herewith is a letter of a Component Reviewer, as required by clause (i) of the second sentence of Section 5.03 of the Acquisition Agreement.

3. All costs of the Facilities or Discrete Components thereof for which payment is requested hereby are Actual Costs (as defined in the Agreement referenced above) and have not been inflated in any respect. The items for which payment is requested have not been the subject of any prior payment request submitted to the Water District.

4. Supporting documentation (such as third party invoices) is attached with respect to each cost for which payment is requested.

5. There has been compliance with applicable laws relating to prevailing wages for the work to construct the Facilities or Discrete Components thereof for which payment is requested.

6. The Facilities or Discrete Components thereof for which payment is requested were constructed in accordance with all applicable governmental standards, and in accordance with the as-built drawings or plans and specifications, as applicable, referenced in paragraph 2 above.

7. The Developer is in compliance with the terms and provisions of the Acquisition Agreement and no portion of the amount being requested to be paid was previously paid.

8. The Purchase Price for each Facility or Discrete Component (a detailed calculation of which is shown in an Attachment 2 hereto for each such Facility or Discrete Component), has been calculated in conformance with the terms of Section 5.06 of the Acquisition Agreement.

9. Neither the Developer nor any Affiliate (as defined in the Acquisition Agreement) is in default in the payment of ad valorem real property taxes or special taxes levied in the CFD (as defined in the Acquisition Agreement), except as follows: _____.

I hereby declare under penalty of perjury that the above representations and warranties are true and correct.

DEVELOPER:

Tejon Ranchcorp

By: _____

Authorized Representative
of the Developer

Date: _____

WATER DISTRICT:

Tejon-Castac Water District

Payment Request Approved for
Submission to Treasurer

By: _____

Its: _____

Date: _____

ATTACHMENT 1
EXHIBIT C

[list here all Facilities or Discrete Components thereof for which payment is requested, and attach support documentation]

**ATTACHMENT 2
EXHIBIT C**

CALCULATION OF PURCHASE PRICE

[Use a separate sheet for each Facility or Discrete Component
for which payment is being requested]

- | | | |
|----|---|----------|
| 1. | Description (by reference to Exhibit B to the Acquisition Agreement) of the Facility or Discrete Component | _____ |
| 2. | Actual Cost (list here total of supporting invoices and/or other documentation supporting determination of Actual Cost) | \$ _____ |
| 3. | Subtraction from Purchase Price: Holdback for Lien releases (see Section 5.06(C) of the Acquisition Agreement) | \$ _____ |
| 4. | Payment Amount Requested (amount shown in 2, less amount shown in 3) | \$ _____ |

RESOLUTION NO. 2021-05

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE TEJON-CASTAC WATER DISTRICT DECLARING ITS INTENTION TO INCUR BONDED INDEBTEDNESS OF IMPROVEMENT AREAS OF THE PROPOSED COMMUNITY FACILITIES DISTRICT NO. 2021-1 (MOUNTAIN VILLAGE PUBLIC IMPROVEMENTS)

WHEREAS, this Board of Directors has this date adopted its Resolution No. 2021-04 entitled “A Resolution of the Board of Directors of the Tejon-Castac Water District Declaring Its Intention to Establish a Community Facilities District and to Authorize the Levy of Special Taxes Therein,” stating its intention to form the Tejon-Castac Water District Community Facilities District No. 2021-1 (Mountain Village Public Improvements) (the “CFD”) to include initially two improvement areas (the “Improvement Areas”), consisting of Improvement Area 1 and Improvement Area M, pursuant to Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311, of the California Government Code (the “Act”), for the purpose of financing all or a portion of the costs of certain public improvements (the “Facilities”), as further provided in said Resolution; and

WHEREAS, in order to finance the Facilities this Board of Directors finds that it is necessary to incur bonded indebtedness in the maximum amount of \$250,000,000 for Improvement Area 1 and \$1,500,000,000 for Improvement Area M.

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board of Directors of the Tejon-Castac Water District as follows:

Section 1. It is necessary to incur bonded indebtedness within the boundaries of the proposed CFD in the maximum amount of \$250,000,000 for Improvement Area 1 and \$1,500,000,000 for Improvement Area M.

Section 2. The bonded indebtedness is proposed to be incurred for the purpose of financing the Facilities, including all costs incidental to or connected with the accomplishment of said financing, as permitted by Section 53345.3 of the Act.

Section 3. This Board of Directors, acting as legislative body for the CFD, intends to authorize the issuance and sale of bonds for each Improvement Area of the CFD in one or more series pursuant to the Act, with each series of the bonds to bear interest payable semi-annually or in such other manner as this Board of Directors shall determine, at a rate not to exceed the maximum rate of interest as may be authorized by applicable law at the time of sale of the respective series of such bonds, and maturing not to exceed 40 years from the date of the issuance of the respective series of said bonds.

Improvement Area M is intended to provide a supplemental or backup special tax levy supporting the issuance of bonds for other improvement areas. The Board of Directors intends to carry out change proceedings in the future in order to subdivide Improvement Area M into smaller

improvement areas and to issue bonds with respect to those improvement areas. As such, the Board of Directors does not at present intend to issue any bonds secured solely by special taxes levied in Improvement Area M. The maximum bonded indebtedness amounts to be assigned to the future improvement areas to be created from Improvement Area M shall not, in the aggregate, exceed the maximum bonded indebtedness amount for Improvement Area M set forth in this Section 3.

Section 4. Thursday, March 11, 2021, at 10:00 a.m., in the Board Room of the Tejon Ranch Company, 4436 Lebec Road, Lebec, California, be, and the same are hereby appointed and fixed as the time and place when and where this Board of Directors, as legislative body for the CFD, will conduct a public hearing on the proposed debt issuances and consider and finally determine whether the public interest, convenience and necessity require the issuance of bonds of the Water District for Improvement Areas of the CFD.

Section 5. The Secretary is hereby directed to cause notice of said public hearing to be given by publication one time in a newspaper of general circulation circulated within the CFD. The publication of said notice shall be completed at least seven (7) days before the date herein set for said public hearing. Said notice shall substantially in the form specified in Section 53346 of the Act.

Section 6. This Resolution shall take effect upon its adoption.

PASSED, APPROVED AND ADOPTED, by the Board of Directors of the Tejon-Castac Water District at a regular meeting held on the 9th day of February, 2021.

By: _____
Dennis Atkinson,
President

ATTEST:

By: _____
Angelica Martin,
Secretary

20035.01:J17177
2/2/21

STATE OF CALIFORNIA)
COUNTY OF KERN) ss
TEJON-CASTAC WATER DISTRICT)

I, Angelica Martin, Secretary of the Tejon-Castac Water District, HEREBY DO CERTIFY that the foregoing Resolution No. 2021-05 was duly adopted at a regular meeting of the Board of Directors of the Tejon-Castac Water District on the 9th day of February, 2021, by the following roll call vote:

AYES: DIRECTORS:
NAYS: DIRECTORS:
ABSENT: DIRECTORS:
ABSTAINED: DIRECTORS:

By: _____
Angelica Martin, Secretary,
Tejon-Castac Water District

West Wastewater Plant:

1. Ordered a new Silencer for blower \$1,425.00 it work a lot better not as noisy as the old one. Waiting to replace the second unit.



2. 12-1-20 Influent pumped pulled a few times had to call out service truck to pull pump and remove rags. While I was onsite during the Scada site visit I noticed that the bypass valve in the vault looked open, Perc and the Electrician checked the electric valve was able to get it to close should stop large rags from entering the EQ tank.
3. 7-10-20 Sent Blower Motor # 2 for repairs \$2,690.00
4. 9-10-20 Sent blower motor # 1 for repairs \$1,377.00
5. I noticed that when one blower was on there was air leaking through the blower that was offline it was going through the second blower making the pump turn backwards. Operators told me that the check valve would stick when that blower would switch over. I took the blower pump off with Perc operators onsite to check the valve I showed them that when Cal Water replaced the check valve they left out both gaskets, Perc (Jon) installed the gaskets so the flapper valve would not wedge it's self in the pipe causing it to stay open.
6. Old Scada system was replaced.

West Wastewater Treatment Plant:

1. 9-1-20 Pulled Blower Motor #1 replaced with backup motor \$1,550.00
2. 10-15-20 Pulled feed forward pump, sent in for repairs \$ 2,410.00
3. 11-10-20 Actuator valve not working for MBR-#2, no spare unit so plant was offline (not making water) for a few days until new valve was available, 11-18-20. Cost for valve \$5,700.00



4. Recirculation pump reprogrammed for MBR UV's cooling process. Now that this is programmed correctly it would allow backup water if or when another actuator valve issue accrues.
5. 12-17-20 VFD drive for MBR-2 pump burned-up replaced drive \$1,600.00
6. 11-3-20 Influent Composite sampler issue with pumping programming cost \$2,100.00
7. 1-13-21 DO unit at MBR basin not working replaced unit \$310.00

8. Add a new Eye Was / Shower unit by Chlorine tank.

**Water Treatment Plant:**

1. 10-27-20 Installed second Turbidity Meter to monitor reading from the storage tank for DDW.
2. Booster station PLC control issue cost to bypass PLC and VFD on motors to get the pumps back online \$ 3,900.00
3. 12-20-20 Radio communication failed for Scada looking at installation for Internet to communicate to new Scada system at the West WWTP. Cost to replace PLC unit is attached.

Other Items:

1. 1-14-21 Blue Beacon pond had foam (soap) contacted Tina to discuss issue she says it can't be them must be someone dumping into the line. Not the case I explained to her the it's a force main until it reaches Wheeler ridge road then gravity feeds to the pond. I had Perc pull water sample to send to lad to see what the results were for Oil grease, Alkalinity, pH, EC, TSS, BOD. Noted this only because we are going to start taking Blue Beacon flows in March.



2. Replace PLC at WTP Poly tank \$8,643.20 - See Quote below. I'm checking on another option.
3. Expansion East WWTP plant complete – Power Point.
4. Both West & East WWTP have new Scada system.
5. Reached out to Southwest pump for a quote on a new pump, not motor, one pump is showing signs of gpm loss. May need to be pulled and rebuilt or replaced.

WITCHER ELECTRIC Inc.

3810 LABORDE PLACE SUITE A ~ Bakersfield, CA. 93308
 Phone (661) 587-7772 ~ Fax (661) 587-7773 Cell (661) 201-2006
 C10 # 390614
 E-Mail witcherelectric@atginternet.com

February 3, 2021

Witcher Electric Inc.
 Tejon Castac Water District
 Mic Plant Grundfos PLC

Kenny

Here is a price for the following.

- 1: Build a PLC Panel in our shop that will control the Grundfos Pumps.
- 2: The Pumps speed will be controlled from the Poly Tank Level.
- 3: The Pumps will be in an hour rotating cycle.
- 4: Which ever Pump you turn in auto first will run first for 24 hours than switch to the next.
- 5: If any Pump fails it will automatically switch to the next.
- 6: I will hook up the existing low water transmitter and the existing pressure transmitter with shutdowns if they work.
- 7: I will add all these alarms on the existing Panel View.
- 8: Hand Off Auto switches will be mounted on the new PLC door for both panels.

PLC Panel Material	\$ 3,194.94
Labor to build PLC Panel in our shop.	\$ 1,121.92
Labor to program PLC in our shop.	\$ 694.56
Labor to install PLC Panel on the back of the existing Grundfos Panel.	\$ 1,190.72.
 Material to get Grundfos Pump hooked to new PLC.	 <u>\$ 210.98</u>
Total	\$ 6,413.12

We will have everything mounted and wired as far as we can without shutting anything down.

On then cut over day I will estimate my time and Jeff Herda time from BraxBro.

Change all programming in Grundfos Pumps to be controlled from New PLC.

Run new control wiring form new PLC to new Grundfos Pumps.

Run new control wiring from new PLC to existing pressure and low water transmitter.

Start up new Grundfos Pumps and get operating with operators. \$ 830.08

Get into existing PLC at Mic Plant and get Ethernet communicating with new Grundfos PLC so it will be controlled from system control. Get all ne w alarm on new SCADA. \$ 1,400.00

Bob Witcher 661 201-2006

Tejon Castac Water District Consolidated Budget vs Actual

	Nov-21			Nov-21			2021			Nov-20	
	Actual	Budget	Over(Under)	Actual	Budget	Over(Under)	Budget	Remaining Budget	Forecast	Actual	YTD vs PY
	PTD	PTD		YTD	YTD		YTD	YTD		YTD	
Revenue											
40050-Sales Water	(0)	-	-	(0)	-	-	630,000	630,000	630,000	(0)	-
40052-Sales Assessments	(0)	-	-	300,000	700,000	(400,000) A	1,400,000	700,000	1,000,000	1,200,000	(900,000)
40055-Sales Utilities	118,508	122,753	(4,245)	749,759	683,767	65,992	1,499,235	815,468	1,565,227	620,959	128,800
43056-Connection Fees	(0)	500	(500)	9,310	2,500	6,810	6,000	3,500	12,810	5,266	4,044
49010-Other	8	8,000	(7,992)	74,662	40,000	34,662	96,000	56,000	130,662	(370,102)	444,764
Total Revenue	118,516	131,253	12,737	1,133,731	1,426,267	292,536	3,631,235	2,204,968	3,338,699	1,456,123	(322,392)
Expense											
60001-Payroll	-	-	-	808	-	808	88,494	88,494	89,302	84,327	(83,518)
61000-Profession Services	17,147	54,988	(37,841)	75,791	301,194	(225,403)	686,705	385,511	461,302	418,211	(342,420)
61040-Other Services	-	25	(25)	2,680	125	2,555	300	175	2,855	380	2,300
62000-Licenses	-	-	-	12	-	12	-	-	12	12	-
62030-Fees	266	22,000	(21,734)	2,773	31,300	(28,527)	36,643	5,343	8,116	64,580	(61,807)
62050-Repairs & Maintenance	16,160	57,900	(41,740)	209,725	215,300	(5,575)	444,400	229,100	438,825	207,561	2,164
62060-Fuel	268	500	(232)	2,018	3,000	(982)	7,500	4,500	6,518	2,671	(653)
63000-Depreciation	87,836	86,887	949	441,715	433,030	8,685	1,033,361	600,331	1,042,046	410,331	31,384
64000-Operating Expense	56,058	97,481	(41,423)	184,685	787,305	(602,620) A	1,623,070	835,765	1,020,450	336,704	(152,020)
66010-Supplies	995	3,750	(2,755)	20,019	23,750	(3,731)	55,000	31,250	51,269	26,829	(6,811)
67000-Utilities	187	21,030	(20,843)	195,112	138,450	56,662	289,030	150,580	345,692	134,770	60,341
69070-Interest	3,872	3,953	(81)	114,854	19,770	95,084	47,441	27,671	142,525	8,155	106,699
69090-Other Expense	3,129	12,483	(9,354)	21,094	41,611	(20,517)	94,542	52,931	74,025	41,490	(20,396)
Total Expense	185,918	360,997	(175,081)	1,271,286	1,994,835	(723,549)	4,406,486	2,411,651	3,682,937	1,736,022	(464,736)
	(67,402)	(229,744)	187,818	(137,555)	(568,568)	(431,013)	(775,251)	(206,683)	(344,238)	(279,899)	142,344

A Timing of charges/revenues.

TEJON CASTAC WATER DISTRICT
 MONTHLY CASH FLOW STATEMENT-FORECAST
 FOR THE FISCAL YEAR 2021

FORECASTED CASH FLOWS

Budget	FY2021											
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
Beginning Cash and Investments	\$ (127,686)	\$ (269,934)	\$ (305,119)	\$ (388,620)	\$ (120,364)	\$ (298,221)	\$ (355,423)	\$ 104,817	\$ 19,849	\$ (103,159)	\$ 195,117	\$ 134,129
Net Cash	(142,248)	(35,184)	(83,502)	268,257	(177,858)	(57,201)	460,239	(84,968)	(123,008)	298,277	(60,989)	(38,706)
Ending Cash and Investments	(269,934)	(305,119)	(388,620)	(120,364)	(298,221)	(355,423)	104,817	19,849	(103,159)	195,117	134,129	95,422
Forecast												
Beginning Cash and Investments	(127,686)	11,185	713	5,770	18,493	32,064	86,019	29,212	19,849	(103,159)	195,118	134,129
Net Cash	138,871	(10,472)	5,057	12,723	13,571	53,955	(56,807)	(9,363)	(123,008)	298,277	(60,989)	(38,706)
Ending Cash and Investments	11,185	713	5,770	18,493	32,064	86,019	29,212	19,849	(103,159)	195,118	134,129	95,423
Variance	\$ 281,119	\$ 305,832	\$ 394,390	\$ 138,857	\$ 330,285	\$ 441,442	\$ (75,605)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Bank Balance as of February 4, 2021 \$ 58,839

	FY2021 Billings	Collections	A/R
July	\$ 125,112.14	\$ 124,245.42	\$ 866.72
August	\$ 123,041.53	\$ 122,200.54	\$ 840.99
September	\$ 129,295.51	\$ 126,432.50	\$ 2,863.01
October	\$ 122,349.45	\$ 119,402.33	\$ 2,947.12
November	\$ 99,726.06	\$ 89,715.11	\$ 10,010.95
December	\$ 105,066.90	\$ 95,207.85	\$ 9,859.05
January	\$ -	\$ -	\$ -
			\$ 27,387.84

Outstanding A/R