



155 Mason Circle
Concord, CA 94520
phone (925) 685-9301
fax (925) 685-0266
www.contracostamosquito.com

BOARD OF TRUSTEES
****MONDAY, MARCH 10, 2025****

TIME: 7:00 PM

LOCATION: Hybrid meeting of the Board of Trustees
Physically held at the District office located at
155 Mason Circle, Concord, CA 94520
By teleconference at:

<https://us06web.zoom.us/j/94095162206?pwd=amp0UXhCSEt3a0Qxc2ludWJnVmVmZz09>

Meeting ID: 940 9516 2206

Passcode: 866980

Trustee attending by teleconference/Alternate location: Darryl Young, at 70 Robins Road 22, Queenstown, Otago 9300, New Zealand

Members of the public may participate in the meeting via teleconference or in-person. Public comments may be submitted in advance of the meeting by emailing Paula Macedo at pmacedo@contracostamosquito.com. Alternatively, members of the public may offer spoken comments when public comment is requested, either at the beginning of the meeting as to non-agenda items, or regarding and agenda item at the time the item is considered. Comments shall be limited to three minutes per person, unless different time limits are set by the Chairperson.

In compliance with the Americans with Disabilities Act, if you need a disability-related modification or accommodation to participate in this meeting, please contact Paula Macedo, General Manager, as early as possible, and at least 48 hours before the meeting at (925) 457-8464 or pmacedo@contracostamosquito.com.

Supporting materials on agenda items are available for public review at the District's office at 155 Mason Circle, Concord, CA and on the District's website at www.contracostamosquito.com. During the meeting, supporting materials are available in the Board Room.

Protecting Public Health Since 1927

BOARD OF TRUSTEES

President **PETER PAY** San Ramon • Vice President **KEVIN MARKER** Orinda • Secretary **DANIEL PELLEGRINI** Martinez

Antioch **Vacant** • Brentwood **VINOY MEREDDY** • Clayton **ERIC HINZEL** • Concord **PERRY CARLSTON** • Contra Costa County **CHRIS COWEN, JIM PINCKNEY, & DARRYL YOUNG**
Danville **G. MARK GRAHAM** • El Cerrito **JIM DOLGONAS** • Hercules **DAMIAN WONG** • Lafayette **Vacant** • Moraga **JAMES FRANKENFIELD** • Oakley **MICHAEL KRIEG**
Pinole **WARREN CLAYTON** • Pittsburg **RICHARD AINSLEY, PhD** • Pleasant Hill **JENNIFER HOGAN** • Richmond **CHRIS DUPIN** • San Pablo **Vacant** • Walnut Creek **PEGGIE HOWELL**

AGENDA

1. CALL TO ORDER

- Roll Call
- Pledge of Allegiance

2. * AGENDA MANAGEMENT

3. PUBLIC INPUT ON NON-AGENDA ITEMS

This time is reserved for members of the public to address the Board relative to matters of the District NOT on the agenda. No action may be taken on non-agenda items unless authorized by law. Public comments may be submitted as specified above and will be limited to three minutes per person.

4. PRESENTATIONS

Reappointment of Trustee Kevin Marker as of February 28, 2025
Reappointment of Trustee James Dolgonas as of March 1, 2025

5.* CONSENT CALENDAR

Any item may be pulled from the Consent Calendar and separately considered at the request of any Trustee. All items may be acted on by a single motion.

- A. Minutes of the February 10, 2025 Board of Trustees Meeting
- B. Expenditures for January 2025
- C. Payroll Expenditures January 2025
- D. Investment Activity for January 2025
- E. Financial Report
- F. 2025 District Organizational Chart

6. ANNUAL OPERATIONS REPORT

7. BOARD AND STAFF REPORTS

- A. Board
- B. General Manager
- C. Staff
- D. Legal Counsel

8. BOARD COMMITTEE REPORTS

- A. Audit Committee Report

9.* BOARD CONSIDERATION AND APPROVAL OF THE DEBT MANAGEMENT POLICY

10.* BOARD CONSIDERATION AND APPROVAL OF RESOLUTION 25-2 – RESOLUTION OF THE CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT TO APPROVE A SITE LEASE AND A LEASE AGREEMENT; MAKING CERTAIN DETERMINATIONS RELEATED THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH

CLOSED SESSION

11. CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE 54957.6

Agency Negotiators: Chris Cowen, Chair of the Personnel Committee, Paula Macedo, General Manager, Stacy Stark, Human Resources and Administration Manager, and Michael Jarvis, LCW

Employee Group: All represented employees (SEIU 1021)

RETURN TO OPEN SESSION

REPORT FROM CLOSED SESSION

12.* MEMORANDUM OF UNDERSTANDING BETWEEN CCMVCD AND SEIU LOCAL 1021

13. CLOSING COMMENTS

This time is reserved for comments by Board members and/or staff and to identify matters for future Board business.

14. ADJOURNMENT

I hereby certify that the District Board of Trustee Agenda was posted 4 days before the noted meeting.

Christine Widger, Customer Service Specialist

3/05/2025

Date

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT

MARCH 10, 2025 BOARD MEETING STAFF REPORT

1. No comment
- 2.* **AGENDA MANAGEMENT** – Consider order of items.
3. **PUBLIC INPUT ON NON-AGENDA ITEMS**
4. **PRESENTATIONS**

Reappointment of Kevin Marker as of February 28, 2025
Reappointment of James Dolgonas as of March 1, 2025

5.* **CONSENT CALENDAR**

- A. Minutes of the February 10, 2025 Board of Trustees Special Meeting (*Pages 7-12*). Approval of Minutes 25-2, Board Special Meeting held on February 10, 2025.
- B. Check Expenditures for payroll & accounts payable for January 2025 (*Pages 13-14*) – Approval of expenditures of January 1, 2025 through January 31, 2025, including:

Accounts payable January 15th checks No. XXXX37 through No. XXXX41
Payroll January 15th *
Accounts payable January 31st checks No. XXXX42 through No. XXXX57
Payroll January 31st *

Accounts Payable Total: \$26,306.79 Payroll Total: \$3,596.72

- C. Direct Deposit Expenditures for payroll & accounts payable – Approval of payroll expenditures of January 1, 2025 through January 31, 2025, including:

Payroll Direct Deposits January 15th *
Payroll Direct Deposits January 31st *
Accounts payable January 15th EXXX48 through No. EXXX58
Accounts payable December 31st EXXX59 through No. EXXX65

Accounts Payable Total: \$118,947.43 Payroll Total: \$186,525.55

**New payroll software administers payroll checks & direct deposit slips (inconsistent numbering sequences)*

- D. Investment Activity for January 2025 (*Pages 15-20*)

- E. Financial Report (*Pages 21-22*)
- F. 2025 District Organizational Chart – the chart was updated to reflect the changes in titles and job descriptions approved at the February meeting (*Page 23*)

Recommendation – Approve the Consent Calendar.

- 6. **ANNUAL OPERATIONS REPORT** - Scientific Programs Manager Schutz will present the Annual Operations Report, which is also included in the packet (*Pages 24-36*).

- 7. **BOARD AND STAFF REPORTS**

- A. Board
- B. General Manager
- C. Staff
- D. Legal Counsel

- 8. **BOARD COMMITTEE REPORTS**

- A. Audit Committee Report – the Audit committee is scheduled to meet immediately prior to the Board meeting to discuss the committee’s charge, as well as the audit firm process and expectations for the annual audit for fiscal year ending June 30, 2025. Chair Dolgonas will present a brief summary of the meeting.

- 9.* **BOARD CONSIDERATION AND APPROVAL OF THE DEBT MANAGEMENT POLICY (*Pages 37-41*)** – The Debt Management Policy has been developed to provide guidance in the issuance and management of debt by the District and is intended to comply with Government Code, Section 8855, effective on January 1, 2017, to add certain requirements related to the issuance and administration of debt by local agencies, including adoption of a debt policy meeting the requirements of Government Code, Section 8855. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District's interest and issuance costs; to maintain the highest possible credit rating, if any; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Recommendation – Approve the District’s Debt Management Policy.

- 10.* **BOARD CONSIDERATION AND APPROVAL OF RESOLUTION 25-2 – RESOLUTION OF THE CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT TO APPROVE A SITE LEASE AND A LEASE AGREEMENT; MAKING CERTAIN DETERMINATIONS RELATED THERETO; AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH (*Pages 42-96*)** – the District is seeking approval from the Board to adopt a resolution authorizing the financing of a portion of the

administrative building renovation and site improvement project through a ten year lease/purchase financing arrangement with Webster Bank. A Summary of Financing, as well as the Site Lease and Lease Agreement are enclosed for further discussion with the Board.

Recommendation – Approve and adopt Resolution 25-2.

CLOSED SESSION

11. CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE 54957.6

Agency Negotiators: Chris Cowen, Chair of the Personnel Committee, Paula Macedo, General Manager, Stacy Stark, Human Resources and Administration Manager, and Michael Jarvis, LCW

Employee Group: All represented employees (SEIU 1021)

RETURN TO OPEN SESSION

REPORT FROM CLOSED SESSION

- 12.* MEMORANDUM OF UNDERSTANDING BETWEEN CCMVCD AND SEIU LOCAL 1021** (*Enclosed*) – SEIU 1021 has provided the enclosed 5-year agreement, which has been now been agreed on and signed by its members, and is asking the Board to consider it.

Recommendation – Pleasure of the Board.

- 13. CLOSING COMMENTS** - This time is reserved for comments by Board members and/or staff and to identify matters for future Board business.
- 14. ADJOURNMENT**

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT
BOARD MEETING
MINUTES NO. 25-2

A meeting of the Board of Trustees of the Contra Costa Mosquito and Vector Control District was held on Monday, February 10, 2025, at the District office at 155 Mason Circle, Concord, CA 94520.

TRUSTEES PRESENT	Peter Pay, President, San Ramon Darryl Young, Vice President, Contra Costa County Daniel Pellegrini, Secretary, Martinez Richard Ainsley, Pittsburg Perry Carlston, Concord Warren Clayton, Pinole Chris Cowen, Contra Costa County Jim Dolgonas, El Cerrito Chris Dupin, Richmond James Frankenfield, Moraga G. Mark Graham, Danville Eric Hinzl, Clayton Jennifer Hogan, Pleasant Hill Peggie Howell, Walnut Creek Michael Krieg, Oakley Vinoy Mereddy, Brentwood Damian Wong, Hercules
TRUSTEES ABSENT	Kevin Marker, Vice President, Orinda James Pinckney, Contra Costa County
VACANCIES	Antioch Lafayette San Pablo
OTHERS PRESENT	Paula Macedo, General Manager; Stacy Stark, Human Resources & Administration Manager; David Wexler, Operations Manager; Timothy Mann, Operations Supervisor; Natalie Martini, Financial Administrator; Wayne Shieh, IT Systems Administrator (remote); Christine Widger, Customer Service Specialist; Doug Coty, BKS Law Firm; Michael Jarvis, Liebert Cassidy Whitmore (LCW) Other members of the public

1. CALL TO ORDER – Vice President Pay called the meeting to order at 7:02 p.m.

Roll Call: At the time of the roll call 16 Trustees were present, one met remotely under the provisions of Government Code 54953, three Trustees were absent, and there are three vacancies.

Pledge of Allegiance

- 2.* AGENDA MANAGEMENT

President Pay asked for a motion finding that there is a need for immediate action to add an item to the agenda to allow the remote participation of Trustees Ainsley due to medical circumstances constituting “just cause” per Government Code section 54953(j)(2), and that the need arose after the agenda was posted.

** Motion was made by Trustee Pellegrini and seconded by Trustee Clayton finding that there was a need for immediate action to add an item to the agenda under the provisions of paragraph (4) of subdivision (b) of Section 54954.2, for Trustee Ainsley to attend remotely, and that the need arose after the meeting agenda had been posted. *Motion passed unanimously.*

Pay called for a second motion to authorize Trustee Ainsley to participate in the February 10, 2023 regular Board of Trustees meeting remotely due to emergency medical circumstances. Trustee Ainsley stated that no one else over 18 years of age was present in the room.

** Motion was made by Trustee Pellegrini and seconded by Trustee Graham to allow remote attendance by Trustee Ainsley in the February 10, 2025 regular Board of Trustees meeting. *Motion passed unanimously.*

The agenda was adopted by rule.

3. PUBLIC INPUT ON NON-AGENDA ITEMS – none

4. PRESENTATIONS

Trustees Chris Cowen and Darryl Young have been reappointed by Contra Costa County as of January 6, 2025

Trustee Jen Hogan was honored for five years of service to the District as of February 3, 2025

- 5.* CONSENT CALENDAR

A. Minutes – Approval of Minutes 25-1, Board Meeting held on Monday, January 13, 2025.

- B. Approval of expenditures for December 1, 2024 through December 31, 2024, including:

Accounts payable December 15th checks No. XXXX19 through No. XXXX24
Payroll December 31st check No. XXXX10 Accounts payable December 31st checks
No. XXXX25 through No. XXXX36

Accounts Payable Total: \$42,020.46 Payroll Total: \$92.35

- C. Direct Deposit Expenditures for payroll & accounts payable – Approval of payroll expenditures of December 1, 2024 through December 31, including:

Payroll December 15th No. D000020678 through No. D000020710
Payroll December 31st No. D000020711 through No. D000020753
Accounts payable December 15th EXXX29 through No. EXXX38
Accounts payable December 31st EXXX39 through No. EXXX47

Accounts Payable Total: \$124,364.77 Payroll Total: \$42,020.46

- D. Investment Activity for December 2024

- E. Financial Report

** Motion was made by Trustee Pellegrini and seconded by Trustee Krieg to approve the consent calendar. *Motion passed unanimously.*

6. BOARD AND STAFF REPORTS

- A. Board – Trustee Howell thanked General Manager Macedo for dedicating the time and resources to the employees who presented at the MVCAC Annual Conference, noting that it gives the District a high profile at the meeting, fulfills one of the goals of the Five-Year Plan by helping to build the reputation and credibility of the District, and contributes to employee career development. She also acknowledged Andrew and Nola’s contributions, helping with presentations. Trustees Dupin, Mereddy and Hogan also reported on their attendance at the MVCAC Annual Conference in Oakland January 27 and 28, and highlighted some of the presentations they attended.
- B. General Manager – General Manager Macedo disclosed that CCMAD Finance Corporation has been dissolved, as the State of California Secretary of State shows the corporation as being a suspended and revoked corporation.
- C. Legal Counsel – None

CLOSED SESSION – 7:35 p.m.

7. CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO CALIFORNIA GOVERNMENT CODE 54957.6

Agency Negotiators: Peter Pay, Chair of the Personnel Committee, Paula Macedo, General Manager, Stacy Stark, Human Resources and Administration Manager, and Michael Jarvis, LCW

Employee Group: All represented employees (SEIU 1021)

RETURN TO OPEN SESSION – 8:39 p.m.

8.* BOARD CONSIDERATION AND APPROVAL OF SIDE LETTER TO THE 2022-2024 MOU BETWEEN THE DISTRICT (CCMVCD) AND LOCAL 1021 SERVICE

EMPLOYEES’ INTERNATIONAL UNION – Human Resources and Administration Manager Stark and Michael Jarvis, LCW, met with Ronald Collins and Josiah Branaman (SEIU 1021), and Shaun Redman, Brandon French and Chris Doll, represented employees, on January 6, 2025 to clarify questions regarding the new classification of Vector Control Technician and how current Vector Control Inspectors promote to that classification, and whether they would need to serve another probationary period. To clarify that so that employees could take the certification exams and promote to that classification without serving another probation, SEIU 1021 and the District drafted side letter.

Ron Collins of SEIU 1021 requested to speak on this item. He complimented the Board, and Macedo on the work they do for the county and expressed his support for the side letter.

** Motion was made by Trustee Clayton and seconded by Trustee Howell to approve and the side letter to the 2022-2024 MOU between the District (CCMVCD) and Local 1021 Service Employees’ International Union. *Motion passed unanimously.*

9.* BOARD CONSIDERATION AND APPROVAL OF RESOLUTION 25-1 – RESOLUTION OF THE CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT TO APPROVE TERMS OF EMPLOYMENT FOR LOCAL 1021 SERVICE

EMPLOYEES’ INTERNATIONAL UNION – The District and SEIU Local 1021 started negotiations for a new contract on May 8, 2024. Since the first meeting the District made it very clear that there were some key issues that the District wanted to discuss. After more than 7 months of negotiations, and SEIU’s unwillingness to move or negotiate the key issue of the disciplinary procedure, the District presented a Last Best and Final Offer (LBFO) on November 24, 2024, which was not accepted by SEIU Local 1021. The District formally declared an impasse in writing on December 13, 2024. After exhausting all impasse procedures, the District sought to impose terms of employment from the LBFO.

Ron Collins of SEIU 1021 requested to speak on this item. He expressed his opposition to the resolution and to the impasse.

** Motion was made by Trustee Krieg and seconded by Trustee Graham to approve and adopt Resolution 25-1 with the amendment to include the paragraph on longevity that was omitted. Motion passed unanimously.

10.* BOARD COMMITTEE REPORTS AND RELATED ACTION ITEMS

A.* Personnel Committee Report – the Personnel committee met on February 3 and Chair Cowen presented a brief report.

i.* Board Discussion and Approval of Updated Job Descriptions and Title Changes for the following classifications: Public Information and Technology Officer, Public Affairs Director, Program Supervisor (title change to Operations Supervisor), Scientific Programs Manager, Vector Ecologist I (title change to Vector Ecologist), Vector Ecologist II (title change to Senior Vector Ecologist), and IT Systems Administrator - The above named job descriptions have been updated to more accurately reflect the work currently performed by those classifications. They have been discussed and reviewed by the Personnel committee, and the committee recommended their approval.

ii.* Board Discussion and Approval of Elimination of the Classifications of Mechanic II and Mechanic/Technician - The classification of Mechanic II had been unfunded since the retirement of the mechanic in March of 2019, at which point the position of Mechanic/Technician was created in an attempt to combine the tasks of a mechanic with those of a technician, as the mechanic job could no longer fulfill a full-time job. That position had been vacant and unfunded since October 2021.

** Motion was made by Trustee Pellegrini and seconded by Trustee Carlston to approve items 10.A.i and 10.A.ii ., the updated job descriptions and title changes for the following classifications: Public Information and Technology Officer, Public Affairs Director, Program Supervisor (title change to Operations Supervisor), Scientific Programs Manager, Vector Ecologist I (title change to Vector Ecologist), Vector Ecologist II (title change to Senior Vector Ecologist), and IT Systems Administrator, and the elimination of the classifications of Mechanic II and Mechanic/Technician. *Motion passed unanimously.*

B. Budget Committee Report – the Budget committee met immediately prior to the Board meeting to discuss the capital project budget and funding. President Pay presented a brief summary of the meeting, where projected costs associated with construction and renovation were discussed, as well as options for funding the remodel by using reserves and borrowing funds. Staff will be seeking proposals for financing and will present a recommendation to the Board at the March 10 meeting.

11.* BOARD CONSIDERATION AND APPROVAL OF 2025 COMMITTEE MEMBERS – Trustee Mereddy requested to be a member of the Advance Planning and Audit committees instead of Advance Planning and Budget committees.

** Motion was made by Trustee Howell and seconded by Trustee Graham to approve the new 2025 committee members. *Motion passed unanimously.*

12.* BOARD DISCUSSION AND APPROVAL OF BOARD POLICY REGARDING AB 2561 – AB 2561 was signed by Governor Newsom on September 22, 2024, and it creates a

new obligation for public agencies to publicly address the status of their vacancies. AB 2561 requires public agencies to present the status of their vacancies and recruitment and retention efforts at a public hearing before their governing body at least once a year, and prior to the adoption of a final budget for the fiscal year. This policy addresses the requirements of the bill.

** Motion was made by Trustee Graham and seconded by Trustee Frankenfield to approve Board policy regarding AB 2561. *Motion passed unanimously.*

13. CLOSING COMMENTS – None

14. ADJOURNMENT – 9:01 p.m.

I certify the above minutes were approved as read or corrected at the meeting of the Board held on March 10, 2025.

Ayes: _____

Noes: _____

Abstain: _____

Absent: _____

Daniel Pellegrini
2025 Secretary, Board of Trustees

Company name: Contra Costa Mosquito & Vector Control
Activity from 1/01/2025 - 1/31/2025

Check no.	Payment Date	Vendor Name	Payment Amount
EXXX48	1/15/2025	iSolved Benefit Services	\$ 119.88
EXXX49	1/15/2025	Culligan Quench	\$ 243.17
EXXX50	1/15/2025	California Special Districts Association	\$ 292.39
EXXX51	1/15/2025	Heidi Budge	\$ 449.00
EXXX52	1/15/2025	Streamline	\$ 468.00
EXXX53	1/15/2025	Liebert Cassidy Whitmore	\$ 14,295.50
EXXX54	1/15/2025	Concur Technologies, Inc	\$ 677.71
EXXX55	1/15/2025	Contra Costa Janitorial Services	\$ 1,350.00
EXXX56	1/15/2025	Bay Alarm Company	\$ 2,995.60
EXXX57	1/15/2025	Health Care Dental Trust	\$ 4,387.70
EXXX58	1/15/2025	Mission Linen Supply	\$ 646.03
XXXX37	1/15/2025	Canon Financial Services, Inc.	\$ 480.79
XXXX38	1/15/2025	Empower Trust Company, LLC	\$ 2,000.00
XXXX39	1/15/2025	PG&E	\$ 1,694.94
XXXX40	1/15/2025	Staples Business Advantage	\$ 497.66
XXXX41	1/15/2025	WAVE	\$ 2,366.04
EFT	1/15/2025	Great-West Trust Company, LLC (Empower)	\$ 9,501.32
EFT	1/15/2025	Mt. Diablo Resource Recovery-Concord	\$ 758.90
EXXX59	1/31/2025	BKS Law Firm, PC	\$ 75.00
EXXX60	1/31/2025	Pryor Learning, LLC	\$ 399.00
EXXX61	1/31/2025	Mission Linen Supply	\$ 612.96
EXXX62	1/31/2025	CalPERS	\$ 63,243.49
EXXX63	1/31/2025	Contra Costa Janitorial Services	\$ 1,350.00
EXXX64	1/31/2025	SEIU UPE LOCAL 1021-Union Dues	\$ 2,135.14
EXXX65	1/31/2025	Reliance Standard Life In	\$ 867.45
XXXX42	1/31/2025	ACS	\$ 992.50
XXXX43	1/31/2025	Capital Program Management, Inc. (CPM)	\$ 1,576.00
XXXX44	1/31/2025	CENTRAL CC SANITARY DISTRICT	\$ 1,786.50
XXXX45	1/31/2025	Colonial Life	\$ 629.46
XXXX46	1/31/2025	Contra Costa County - Fleet	\$ 3,116.78
XXXX47	1/31/2025	Empower Trust Company, LLC	\$ 2,000.00
XXXX48	1/31/2025	Kings III of America, Inc.	\$ 219.75
XXXX49	1/31/2025	MVCAC	\$ 1,276.00
XXXX50	1/31/2025	Otis Elevator Company	\$ 1,620.00
XXXX51	1/31/2025	PG&E	\$ 1,211.00
XXXX52	1/31/2025	Staples Business Advantage	\$ 237.38
XXXX53	1/31/2025	Sun Life Financial	\$ 1,341.21
XXXX54	1/31/2025	T-Mobile	\$ 570.73
XXXX55	1/31/2025	TireHub	\$ 810.37
XXXX56	1/31/2025	Verizon Wireless	\$ 1,309.89
XXXX57	1/31/2025	Vision Service Plan	\$ 569.79
EFT	1/31/2025	U.S. BANK CORPORATE PAYMENT SYSTEMS	\$ 4,577.87
EFT	1/31/2025	Great-West Trust Company, LLC (Empower)	\$ 9,501.32
		Total	\$ 145,254.22

CONTRA COSTA MOSQUITO & VECTOR CONTROL DISTRICT
UNUSUAL ITEMS LIST (*Policy Effective May 2021*)

- *Any checks or ACH over the amount of \$10,000.00 (excludes Procurement Policy General Manager Authority items: payroll taxes, employee fringe benefit payments, and aggregate corporate credit card amount).*
- *Any vendor that has not been paid by the District in the past 15 months.*
- *All legal fees over \$5,000.00 in one month*

<i>DATE</i>	<i>CHECK #</i>	<i>AMOUNT OF CHECK</i>	<i>VENDOR & DESCRIPTION</i>
January 15, 2025	EXXX51	\$449.00	Heidi Budge – Employee Drone Test and Certification Reimbursement
January 15, 2025	EXXX53	\$14,295.50	Liebert Cassidy Whitmore – Legal Counsel
January 31, 2025	XXXX42	\$992.50	ACS (Air Conditioning systems) – Gas Control Valve Replacement in Building’s Rooftop Unit

INVESTMENT ACTIVITY REPORT

Month of January 2025						
Transaction Number	Date	LAIF	California CLASS	Five Star Money Market	Five Star Checking	
Balance	1/1/2025	\$ 11,717,374.06	\$ 2,110,584.22	\$ 249,778.13	\$ 4,673,393.41	
1	1/8/2025				\$457,547.01	
2	1/10/2025			\$2,500,000.00	(\$2,500,000.00)	
3	1/15/2025	\$139,901.14				
4	1/17/2025				\$8,880.73	
5	1/31/2025		\$7,933.86	\$7,634.61	\$11,376.82	
6	1/31/2025				(\$2,505,533.35)	
Balance		\$ 11,857,275.20	\$ 2,118,518.08	\$ 2,757,412.74	\$ 145,664.62	

Transaction Number & Brief Description

- 1 Redevelopment Checks & Misc. Deposits into Five Star Checking
- 2 Transfer from Five Star Checking to Money Market
- 3 Quarterly Interest Earned LAIF
- 4 Misc Deposits into Five Star Checking
- 5 Interest Earned California CLASS & Five Star Money Market Accounts & Misc Deposits into Five Star Checking
- 6 Five Star Bank clearing of Payroll & Vendor Checks & Property Tax Transfer from Five Star Checking to California CLASS
(transfer posted to California CLASS on 2/03/2025)

Designated Reserves POLICY FY 25 (July 2024 - June 2025)	
Bond Reserve	0
Public Health Emergency	2,500,000
Capital Improvement	7,500,000
Emergency Reconstruction Response	500,000
Operations	5,602,162
Vehicle & Equipment Replacement	250,000
IT Equipment Replacement	250,000
	16,602,162

I certify that this report reflects all cash transactions and is in conformity with District Policy. The cash flow shown provides sufficient cash flow liquidity to meet the next six months expenditures.

Respectfully submitted,

*Paula Macedo
General Manager*

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

February 11, 2025

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

CONTRA COSTA MOSQUITO AND VECTOR CONTROL
 DISTRICT
 MANAGER
 155 MASON CIRCLE
 CONCORD, CA 94520

[Tran Type Definitions](#)

January 2025 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
1/15/2025	1/14/2025	QRD	1765642	N/A	SYSTEM	139,901.14

Account Summary

Total Deposit:	139,901.14	Beginning Balance:	11,717,374.06
Total Withdrawal:	0.00	Ending Balance:	11,857,275.20



**Contra Costa Mosquito & Vector
Control District
155 Mason Circle
Concord, CA 94520**

California CLASS

California CLASS

Average Monthly Yield: 4.4246%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
General CLASS	1,103,242.00	0.00	0.00	4,145.29	4,145.29	1,103,375.72	1,107,387.29
TOTAL	1,103,242.00	0.00	0.00	4,145.29	4,145.29	1,103,375.72	1,107,387.29

California CLASS Enhanced Cash

Average Monthly Yield: 4.4288%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
Enhanced	1,007,342.22	0.00	0.00	3,788.57	3,788.57	1,007,464.43	1,011,130.79
TOTAL	1,007,342.22	0.00	0.00	3,788.57	3,788.57	1,007,464.43	1,011,130.79



General CLASS

Account Summary

Average Monthly Yield: 4.4246%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	1,103,242.00	0.00	0.00	4,145.29	4,145.29	1,103,375.72	1,107,387.29

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	Transaction Number
01/01/2025	Beginning Balance			1,103,242.00	
01/31/2025	Income Dividend Reinvestment	4,145.29			
01/31/2025	Ending Balance			1,107,387.29	



Enhanced

Account Summary

Monthly Distribution Yield: 4.4288%

	Beginning Market Value	Contributions	Withdrawals	Income Earned	Current Month Unrealized G/L	Ending Market Value
California CLASS Enhanced Cash	1,007,342.22	0.00	0.00	3,788.57	0.00	1,011,130.79

Transaction Activity

Transaction Date	Transaction Description	Contributions	Withdrawals	Balance	NAV	Shares	Realized G/L
01/01/2025	Beginning Balance			1,007,342.22	10.00	100,734.222	
01/31/2025	Income Dividend Reinvestment	3,788.57			10.00	378.857	
01/31/2025	Ending Balance			1,011,130.79	10.00	101,113.079	



FIVE STAR BANK

PO Box 779000
Rocklin CA 95677

(800) 416-6117
www.fivestarbank.com

1964528

Contra Costa Mosquito & Vector Control
155 Mason Circle
Concord CA 94520

Date 1/31/25 Page 1
Enclosures

Public Money Market		Number of Enclosures	0
Account Number		Statement Dates	1/01/25 thru 1/31/25
Previous Balance	249,778.13	Average Ledger	2,067,959.94
1 Deposits/Credits	2,500,000.00	Average Collected	2,067,959.94
Checks/Debits	.00	Annual Percentage Yield Earned	4.53%
Service Charge	.00	2025 Interest Paid	7,634.61
Current Balance	2,757,412.74	Interest Paid	7,634.61

Deposits and Additions

Date	Description	Amount
1/10	Funds Transfer via Online	2,500,000.00
1/31	Interest Deposit	7,634.61

Daily Balance Information

Date	Balance	1/10	2,749,778.13	1/31	2,757,412.74
------	---------	------	--------------	------	--------------

Interest Rate Summary

Date	Rate
12/31	4.477000%
1/09	4.434000%



* 0 5 3 2 0 0 0 5 8 5 0 1 0 1 0 0 0 *



**Balance Sheet
As of January 2025**

	January 2024	January 2025
ASSETS		
Current Assets		
Five Star Checking:General	4,980,752.30	14,564.62
Money Market: General	932,024.66	2,757,412.74
California CLASS:General	1,013,219.55	2,118,518.08
LAIF	8,974,112.48	11,857,275.20
VCJPA	1,272,731.00	1,322,920.00
Wells Fargo Bank - checking	121,720.14	0.00
Property Tax Due from County	3,606,699.99	4,579,756.56
Benefit Assessment Due from County	936,174.03	941,139.94
Prepaid Retirement - CCCERA	834,664.05	520,205.17
Total Current Assets:	22,672,098.20	24,111,792.31
Fixed Assets		
Asset Nondepreciable (Land):General	778,640.00	778,640.00
Asset Depreciable:General	695,755.00	695,755.00
Total Fixed Assets:	1,474,395.00	1,474,395.00
Other Assets		
Net Pension Asset:General	643,711.00	742,411.00
GASB 68/75 Outflow	2,258,655.00	3,617,742.00
Total Other Assets:	2,902,366.00	4,360,153.00
Total Assets:	27,048,859.20	29,946,340.31
LIABILITIES & EQUITY		
Current Liabilities		
Accrued Liabilities	181,481.42	10,683.04
Deferred Revenue	4,124,549.63	4,422,070.44
Total Current Liabilities:	4,306,031.05	\$4,432,753.48
Long-Term Liabilities		
Net Pension Liability	4,328,728.00	4,356,763.00
Total Long-Term Liabilities:	4,328,728.00	4,356,763.00
Total Liabilities:	8,634,759.05	8,789,516.48
Accrued Equity & Designated Reserves	16,961,818.82	18,664,232.84
Current Year Net Income	1,452,281.33	2,492,590.99
Total Equity:	18,414,100.15	21,156,823.83
Total Liabilities & Equity:	27,048,859.20	29,946,340.31

**Contra Costa Mosquito and Vector Control District
FY25 Budget Year**

(July 1, 2024 - June 30, 2025)

Board Packet

59% of the Year
completed

FY25

APPROVED

**YTD FY25 VS
Adopted
Budget %**

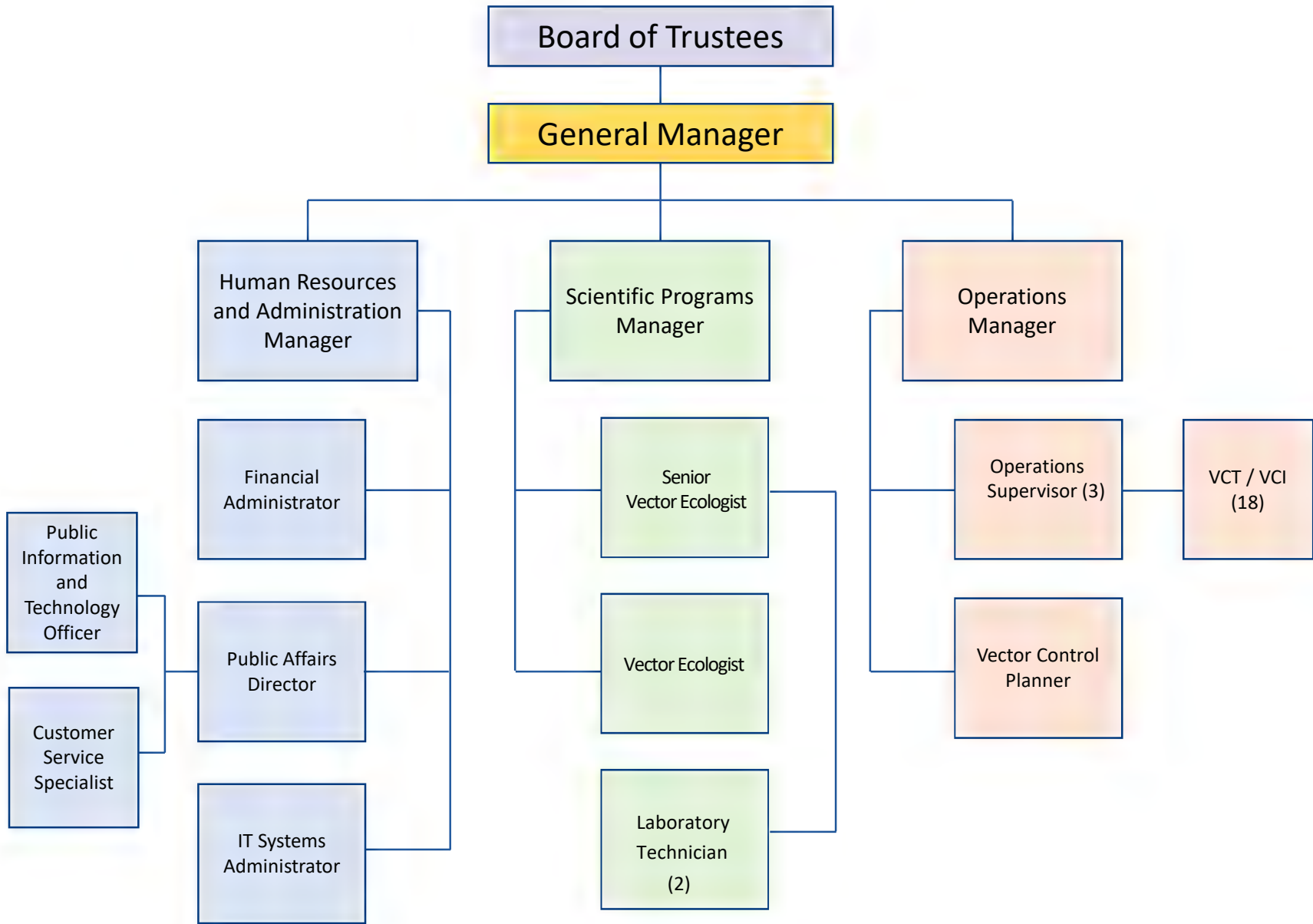
**ADOPTED FY25
VS FY25 \$**

As of 1/31/25

FY 25

	<i>As of 1/31/25</i>	FY 25	Budget %	ADOPTED FY25 VS FY25 \$
Personnel Costs				
Payroll & OT	2,461,648.17	4,398,951.28	56.0%	1,937,303.11
Retirement	486,943.08	1,200,000.00	40.6%	713,056.92
OASDI	141,410.48	272,734.98	51.8%	131,324.50
Medicare	34,523.07	63,784.79	54.1%	29,261.72
Fringe Benefits (Medical/Dental/Vision, Retirement Fees, etc.)	351,114.31	722,867.73	48.6%	371,753.42
Unemployment	14,378.00	16,000.00	89.9%	1,622.00
Disability Ins	6,696.65	12,420.00	53.9%	5,723.35
Other Post Employment Benefits	0.00	215,000.00	0.0%	215,000.00
District Paid Health Retiree Cost & Fees	59,146.69	136,778.98	43.2%	77,632.29
Subtotal Personnel Costs	3,555,860.45	7,038,537.76	50.5%	3,482,677.31
Operational Costs				
Professional Services - Legal includes Settlements	133,812.25	140,000.00	95.6%	6,187.75
Professional Services - Building & Grounds Maint	6,236.70	15,000.00	41.6%	8,763.30
Professional Services - All Other	129,992.68	422,468.00	30.8%	292,475.32
Public Affairs	6,291.46	125,900.00	5.0%	119,608.54
Lab Services	35,296.62	55,500.00	63.6%	20,203.38
Information & Technology	57,495.86	213,783.00	26.9%	156,287.14
Operations - Control Materials	180,638.97	268,000.00	67.4%	87,361.03
Operations - Aerial	11,496.41	40,000.00	28.7%	28,503.59
Operation and Facilities - All Other	74,908.61	401,500.00	18.7%	326,591.39
General Office Administration - Insurance	311,386.00	364,450.00	85.4%	53,064.00
General Office Administration - Trustee Expense	2,274.25	26,000.00	8.7%	23,725.75
General Office Administration - Employee Travel & Training	17,594.19	67,500.00	26.1%	49,905.81
General Office Administration - Utilities	49,346.24	123,500.00	40.0%	74,153.76
General Office Administration - All Other	53,680.01	68,800.00	78.0%	15,119.99
Subtotal Operational Cost	1,070,450.25	2,332,401.00	45.9%	1,261,950.75
Capital				
Structure & Improvements	0.00	1,803,386.00	0.0%	0.00
Vehicles	100.00	0.00	0.0%	(100.00)
Heavy Equipment	0.00	30,000.00	0.0%	30,000.00
Subtotal Capital	100.00	1,833,386.00	0.0%	1,833,286.00
Total Expenditures	4,626,410.70	11,204,324.76	11,198,324.60	
Revenues				
Property Taxes	5,423,287.10	8,520,534.00	63.6%	3,097,246.90
Benefit Assessment	1,220,587.06	2,092,435.00	58.3%	871,847.94
Contract Billing	34,096.63	53,060.40	64.3%	18,963.77
Interest Income	427,780.25	102,000.00	419.4%	(325,780.25)
Fixed Asset Disposal	770.00	15,000.00	5.1%	14,230.00
Miscellaneous	12,480.65	50,000.00	25.0%	37,519.35
Subtotal Revenue	7,119,001.69	10,833,029.40	65.7%	3,714,027.71
Estimate Ending Balance	2,492,590.99	(371,295.36)		

Designated Reserves POLICY FY 25 (July 1, 2024 - June 30, 2025)	
Bond Reserve	0
Public Health Emergency	2,500,000
Capital Improvement	7,500,000
Emergency Reconstruction Response	500,000
Operations	5,602,162
Vehicle & Equipment Replacement	250,000
IT Equipment Replacement	250,000
	16,602,162





2024 Annual Operations Report

Prepared by Steve Schutz, Ph.D., Scientific Programs Manager
Submitted to the CCMVCD Board of Trustees on March 10th, 2025

1. Introduction and Summary

CEQA, the California Environmental Quality Act, requires all state and local agencies in California to evaluate and publicly report on the potential environmental impacts of their discretionary activities and to mitigate those impacts which could be significantly adverse. In March 2016, in order to ensure the fullest possible compliance with CEQA, the District completed a full Programmatic Environmental Impact Report (PEIR) which includes a comprehensive review of all District practices and policies, potential environmental impacts, and mitigation measures used to minimize or eliminate potential impacts. Although CEQA regulations do not mandate annual updates unless there are significant changes in our program, District Staff continues to produce an annual Operations Report. This report summarizes District activities during 2024, in comparison with the previous ten years.

The District has long emphasized environmental stewardship while accomplishing its public health mission, primarily through strict adherence to an IPM (Integrated Pest Management) approach to the control of mosquitoes and other vectors of human disease. As such, District policies emphasize training, vector and pathogen surveillance, the integration of biological and physical control practices with chemical control (public health pesticides), and the judicious use of appropriate control tools only when vectors exceed specific thresholds. During 2024 there were no new or extraordinary District activities or substantial changes in District policies which could have caused significant environmental impacts, and there were no substantial new regulations or research results which alter the conclusions in our PEIR regarding actual or potential environmental impacts.

2. Biological Control of Mosquitoes

District staff has traditionally implemented a four-pronged approach to biological control of mosquitoes. The general elements of biological control used by the District are 1) rearing and stocking the mosquitofish (*Gambusia affinis*) to eat larval mosquitoes in sites where mosquitofish are unlikely to cause significant adverse impacts on native species; 2) a program to identify, develop, and evaluate additional biocontrol agents that can be produced at reasonable cost; 3) collaboration with land-owners and managers to implement land and water management practices that protect and support populations and dispersal of native mosquito predators; and 4) policies and training designed to protect native predators.

In 2020, the District initiated a service request/field inspection based system where District staff was able to evaluate each site and determine whether or not fish were an appropriate solution prior to stocking. The District stocked approximately 35,000 mosquitofish in 2024. The total number of fish stocked was higher than last year, although it has generally decreased since the District stopped providing fish on demand for walk-in customers (Figure 1). Artificial sources like un-maintained swimming pools continue to produce substantial numbers of mosquitoes, but the number of such sources varies with changing economic conditions. Fish stocking in pools continues to be a critical tool for addressing West Nile virus in urban and suburban areas, and poses very low environmental risk. Year-to-year variations in stocking in natural waters and other traditional sites (horse troughs, etc.) are due primarily to weather patterns that change the extent of appropriate stocking sites. Although the District has studied the potential use of native fish for mosquito control, mosquitofish stocking in natural sites will most

likely continue at similar rates in upcoming years. There was no substantial new research published nor regulations issued in the past year on the potential environmental consequences of mosquitofish.

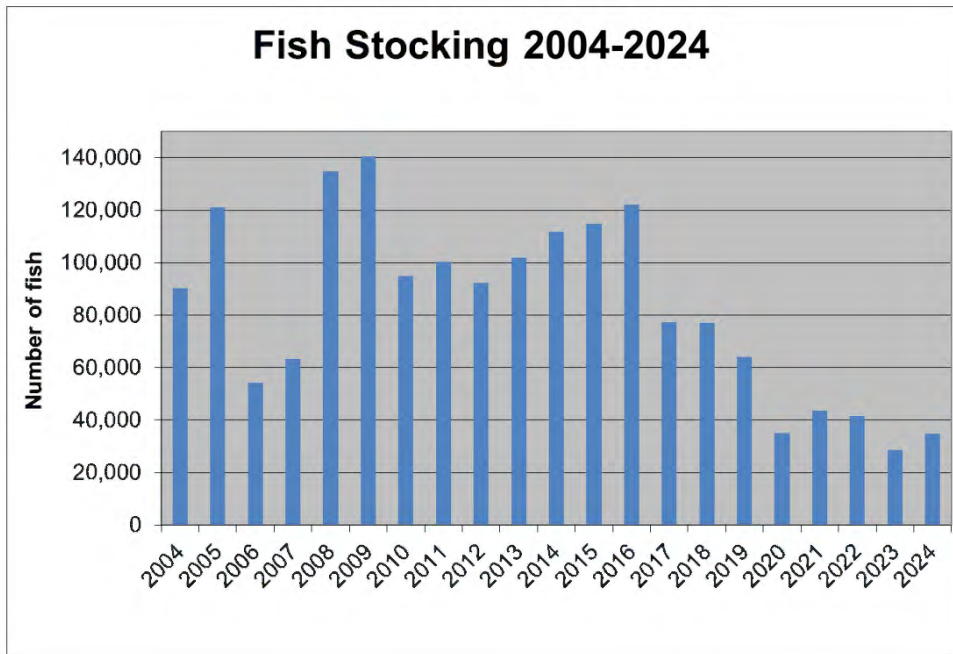


Figure 1: Use of mosquitofish for biological control, 2003 - 2024.

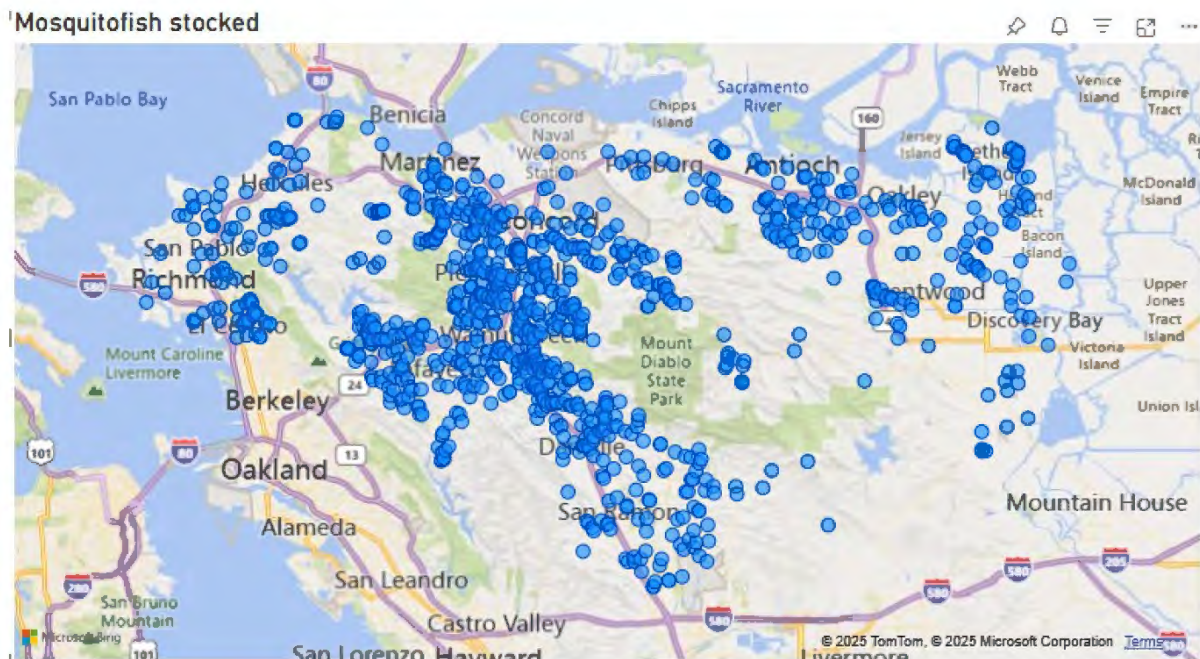


Figure 2. Locations where mosquitofish were stocked by district technicians in 2024.

A high priority of the District is collaboration with land-owners on improving land and water management to reduce mosquito production while maintaining other desirable ecological functions of the sites, and a major focus of this work is manipulating habitats to promote the survival, reproduction, and dispersal of natural aquatic predators, including fish and aquatic invertebrates such as water beetles and juvenile dragonflies. Target sites include refinery ponds, stormwater treatment facilities, irrigated pastures, duck clubs, sewer treatment marshes, etc. Environmental protection in these projects is ensured through close collaborations with resource and permitting agencies (DFW, the Regional Water Quality Control Board (RWQCB), the Army Corps of Engineers (ACE), the Bay Conservation and Development Commission (BCDC), etc.), as well as with land-owners. Two sub-activities, Physical Control/Source Reduction and Vegetation Management, have been traditionally distinguished in this report, and are discussed below.

Finally, training and treatment protocols for pesticide use emphasize protection of predators when they are present in sites with mosquito larvae. The District's larvicide treatment protocols request field inspectors to observe whether a mosquito-producing site also has the presence of any significant populations of predators, and if so, to avoid pesticides or to use the pesticide with the least possible impact on natural predators if mosquito populations are sufficient to require prompt treatment.

3. Physical Control

The District actively works with RWQCB, Contra Costa County Clean Water Program (CCCWP) and other agency staff and property managers to facilitate maintenance of conditions that encourage desirable species while discouraging mosquitoes, and also to reduce the need for staff time (for inspection and control) and for pesticide applications to sites where maintenance is not consistent. The District's Vector Control Planner facilitates such interactions. Some existing stormwater detention projects have become significant mosquito sources and disease risk foci due to inadequate design and/or maintenance, and our staff has been working closely with the responsible local authorities to correct these conditions, with some noteworthy success. Evaluations of past District source reduction projects continue to indicate that the environmental consequences of these projects have been positive and that increases in tidal action and pro-active water management have particularly benefited a range of wetland-dependent native species.

4. Vegetation Management

The District did not apply any chemical herbicides in 2024. Vegetation management was conducted with hand tools ("brushing") as needed to allow access for vector surveillance as in past years. No significant or unanticipated problems were encountered.

5. Chemical Control (Pesticides)

The attached tables compare 2024 pesticide use with the previous ten years individually and with ten-year averages. This year, as in the preceding report, the quantity applied is reported as the total amount (pounds) of active ingredients applied. Overall pesticide use was higher in 2024 vs. 2023 (Fig. 5) due to the presence of invasive *Aedes* and treatment of some large agricultural sources. The long term trend has been a reduction in the use of larvicidal oils in favor of bacterial larvicides and growth regulators, although some large acreages were treated in 2024 (Table 1). As in previous seasons, adulticides were applied in small quantities using vehicle-mounted ULV (ultra-low volume) or hand foggers in specific rural and residential areas where West Nile virus risk, invasive *Aedes* and/or adult mosquito counts were present (Fig. 3).

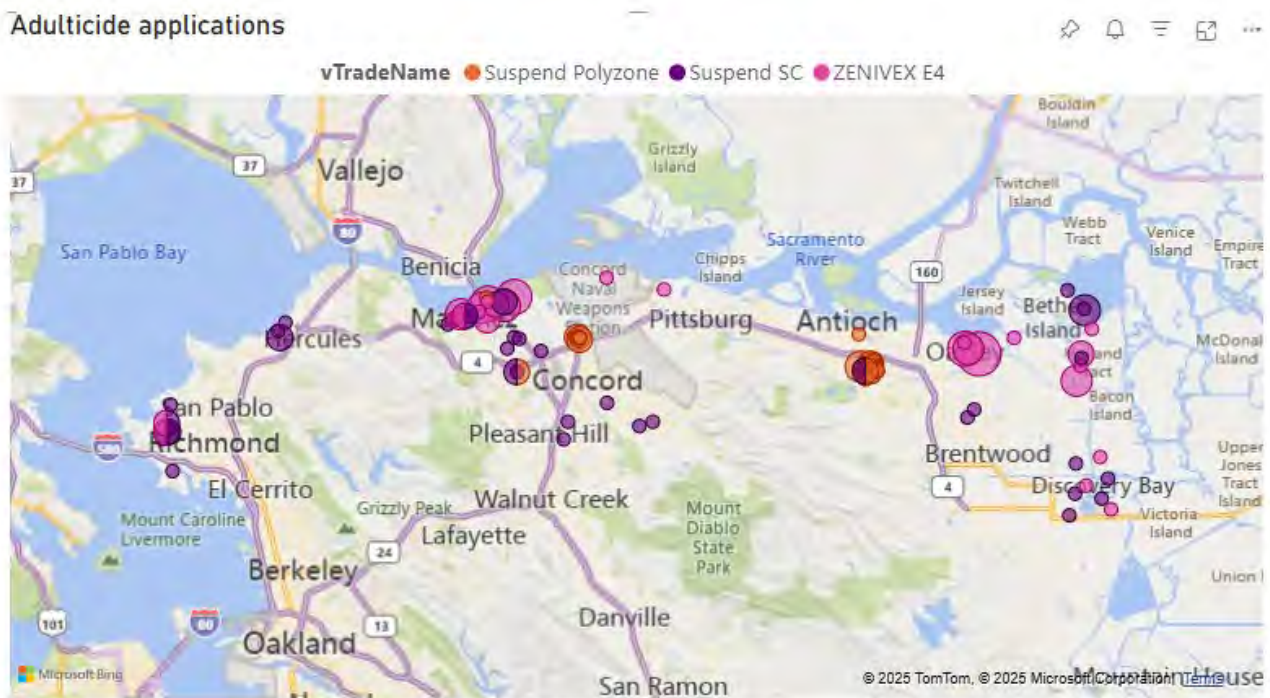


Figure 3. Locations where adulticides were used in 2024, by material

Pesticide Applications 2014-2024

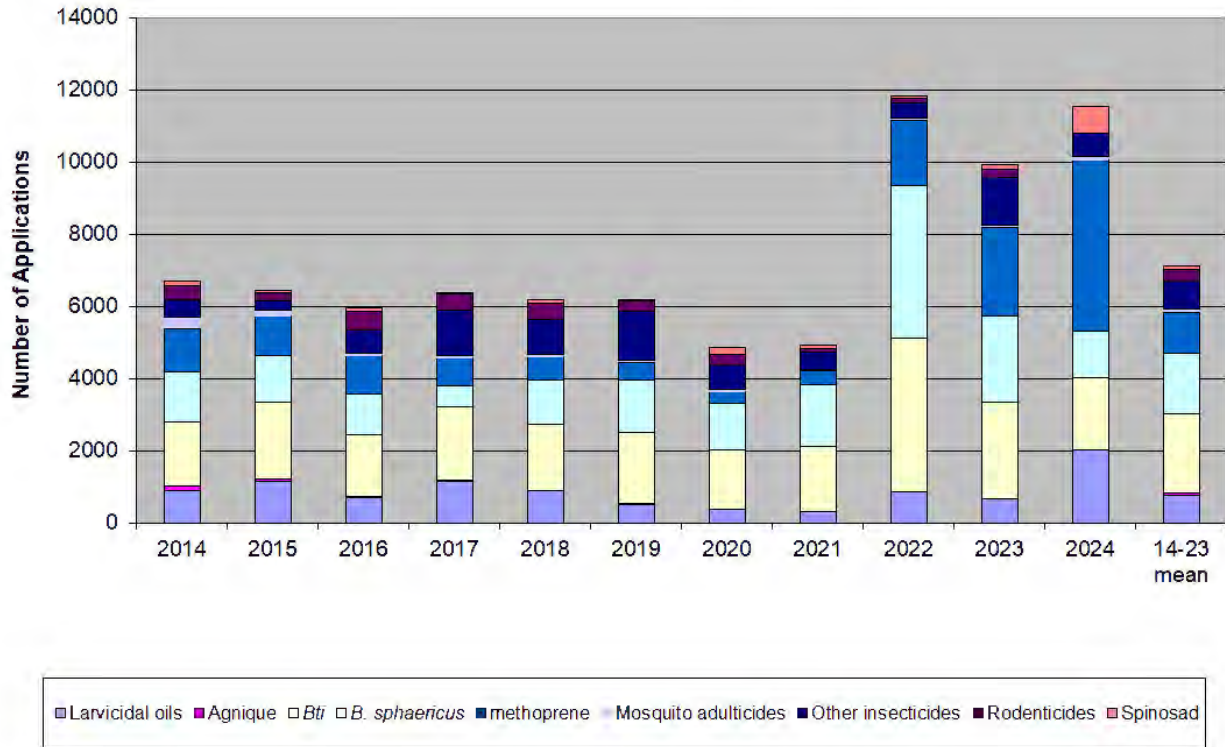


Figure 4. Number of pesticide applications in 2024, by material class

Mosquito larvicides dominate the District’s pesticide applications (Fig. 4), and four active ingredients dominate the District’s larvicide applications. In terms of number of applications, the insect growth regulator methoprene and the bacterial pesticides *Bacillus thuringiensis israelensis* (*Bti*) and *Bacillus sphaericus* (*Bs*), which are considered “biopesticides” by EPA and “least toxic pesticides” by virtually all regulators, are the larvicides of first choice at the District. These products continue to replace larvicidal oils such as GB-1111 and BVA. These light mineral oils, in contrast to all other products, are nearly 100% active ingredient and are applied at much higher quantities per acre (up to five gallons/acre in dense vegetation) since they must cover the entire surface area of the source with a thin film in order to suffocate air-breathing mosquito larvae. Therefore, they continue to dominate Figure 5, which shows pounds of active ingredient applied each year. Larvicidal oils are the only products currently used by the District that reliably control mosquito pupae, and therefore these products may continue to be used whenever mosquito pupae are encountered at densities exceeding our control thresholds. The increased use of larvicidal oils in 2024 was due to a large property owner specifically requesting this material due to its lower cost.

Pesticide Quantities 2014-2024

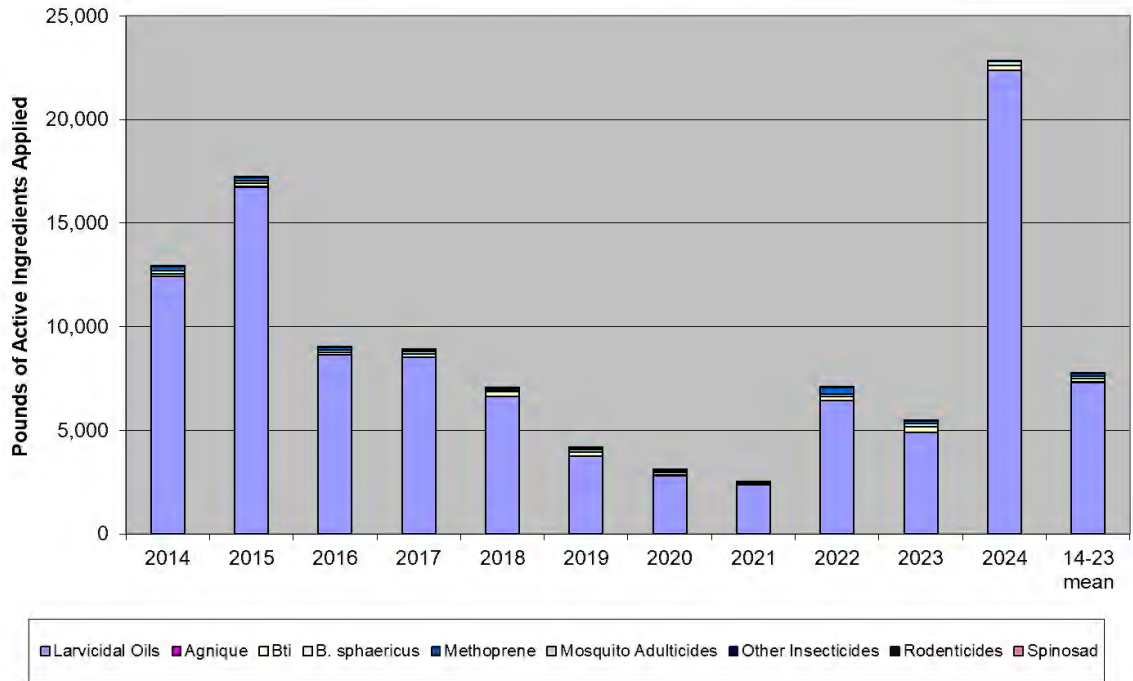


Figure 5. Amount of pesticide applied by material (pounds of active ingredient)

Because of the dominance of larvicidal oils in terms of pounds of active ingredient used annually, Figure 6 shows pesticide quantities with this product excluded to better compare the other products. Agnique, an alternative non-oil based surface film, is being phased out and was not used in 2024. Some new formulations of methoprene and *B. sphaericus*, and combinations of *Bti* with *B. sphaericus* and methoprene have been introduced in recent years, but present no potential new environmental consequences. Natular™, containing the active ingredient spinosad, a bacterial fermentation product, continues to be used operationally. Since it is similar or lower in risk classification than other biopesticides already in use by the District, it is not expected to have any significant environmental impact. It is also useful in rotation with other larvicides to reduce the likelihood of resistance developing in our local mosquito populations.

Pesticide Quantities (w/o Larv. Oils) 2014-2024

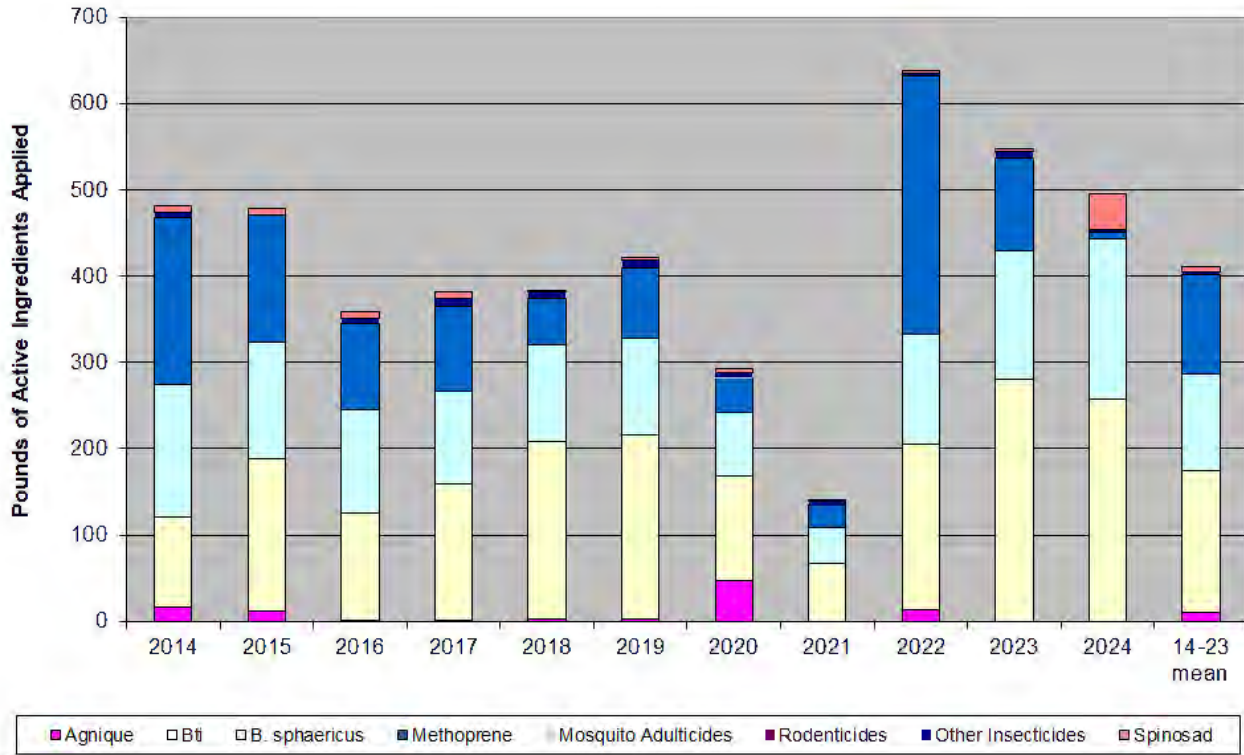


Figure 6. Amount of pesticide applied by material (pounds of active ingredient), excluding oils

District use of mosquito adulticides, in terms of quantity was lower in 2024 than the previous year, due to smaller areas needing treatment, although above the 10-year average. Overall, use of adulticides continues to be very small in comparison with larvicide use in terms of the number of applications (Fig. 4), the total amount of active ingredient applied (Fig. 6), and the area treated, in keeping with the District’s policy of preventing adult mosquito outbreaks through larval control whenever possible.

Adulticides used by the District in 2024 included the synthetic pyrethroids Zenivex (etofenprox) and Suspend (deltamethrin). Unlike the natural pyrethrin products, both do not contain piperonyl butoxide (PBO) as a synergist and thus are regarded as ‘reduced risk’ materials. Historically, our usage of synthetic pyrethroids had been low compared with natural pyrethrins (Fig. 7a,b); however, availability of natural pyrethrins varies from year to year, and there have been concerns about the presence of genes responsible for pyrethrin resistance in California mosquito populations, making it prudent not to depend on a single class of products. Resistance testing of *Culex tarsalis* collected in the Martinez waterfront area in 2024 once again demonstrated that this population has the potential to develop resistance to some pyrethroids.

Figure 7 a. Number of adulticide applications by class of material.

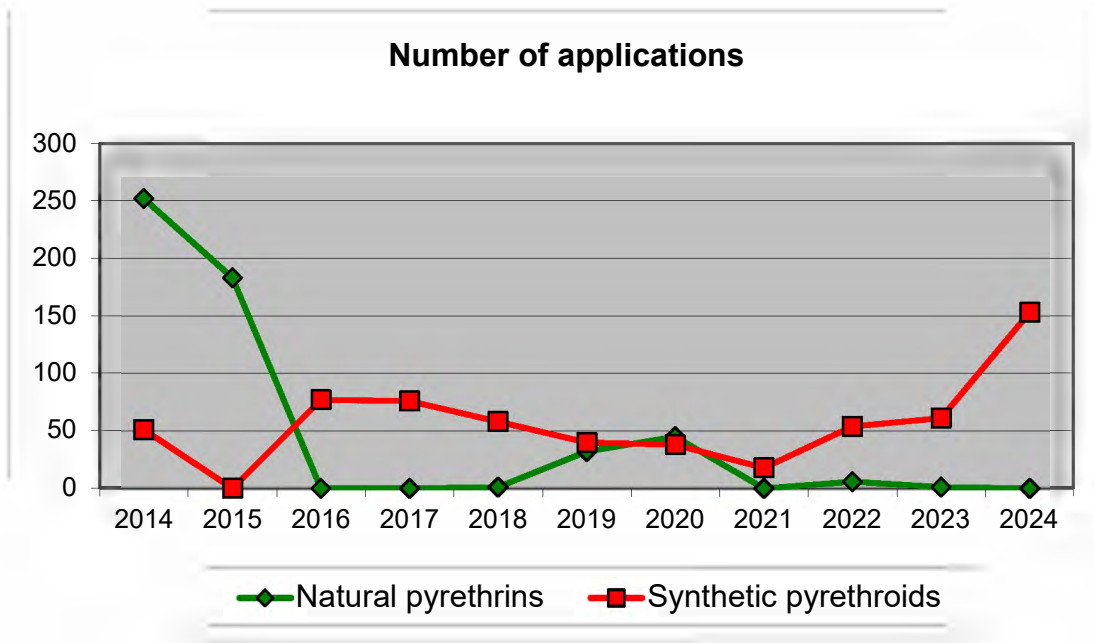
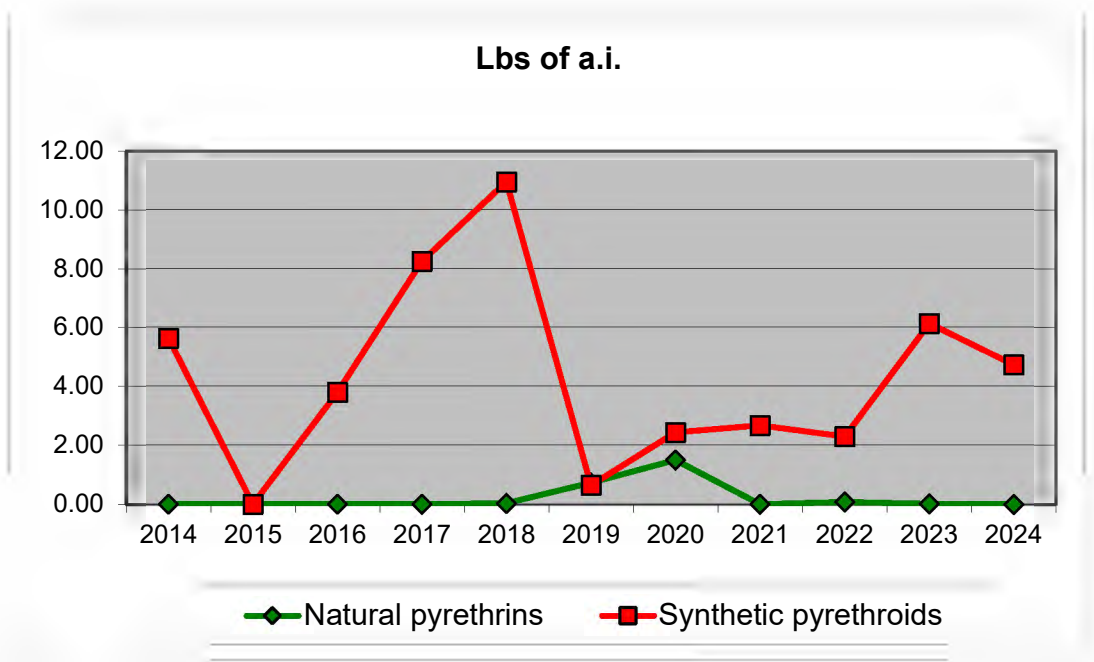


Figure 7b. Amount of a.i. applied by class of material



Applications of other insecticides by the District were limited to the pyrethroid dust product Drione, used to control yellowjacket nests. Usage of this material against ground-nesting yellowjackets was down in 2024 due to fewer yellowjacket service requests.

The number of rodenticide applications by District personnel was slightly higher in 2024 vs. 2023 due to some larger-scale baiting projects, although the total quantity of rodenticide active ingredients applied decreased, and was still less than 0.01 lb, due to the very low percentage of a.i. in these bait-based products. The District's focus continues to be on education and rodent exclusion, as well as increasingly sophisticated baiting practices. The modes of application minimize the likelihood of accidental contact by the public, pets, or non-target wildlife. District policy continues to prohibit dispersal of rodenticides (or any other pesticides) directly to the public.

6. Other Activities

There were no District activities this year in the areas of Surveillance, Research, Public Education, or Administration which could have caused significant environmental impacts.

7. District Environmental Mitigation Activities

In the October 1999 Negative Declaration and the 2016 PEIR, the District recognized that established District policies require vector surveillance and the use of treatment criteria prior to chemical, biological, or physical control; monitoring and reporting of activities to appropriate agencies; and other measures to minimize potential environmental impacts. Five additional mitigation measures to ensure that these potential impacts remain insignificant were adopted:

- a. Maintenance of up-to-date maps and other information from the California Department of Fish and Wildlife Natural Diversity Data Base and other reliable sources on the location of Special Status Species and designated Natural Communities in the Project Service Area;
- b. Coordination of District activities with approved Habitat Conservation Plans;
- c. Adoption of new policies as needed and provision of continuing training to field personnel to ensure minimization of specific vector control activities and/or the use of alternative vector control methods at times and in places where those specific vector control activities might otherwise significantly impact Special Status Species or designated Natural Communities;
- d. Ensuring that mosquitofish are placed only in appropriate locations by District staff; and
- e. Review of agency lists for potential hazards (contaminated soils) prior to implementation of minor physical control projects in historically industrial zones; and additional, site-specific CEQA review prior to implementation of source reduction projects which might result in discharge of hazardous materials into the environment.

The District has adopted policies and practices to ensure that these requirements are met, and continually reviews their effectiveness. District staff, including the General Manager, Program Supervisors, and Scientific Programs Manager, interact with the California Department of Fish and Wildlife, the U.S. Fish and Wildlife Service, the U.S. Environmental Protection Agency, the American Mosquito Control Association, the Association of American Pesticide Control Officials,

and other groups to ensure strong communications and cooperation, and plan and conduct training sessions for District personnel on environmental regulations and compliance measures.

Specific improvements continue to be made to ensure compliance. In 2024, the District maintained its subscription to GIS map layers of endangered species habitat distribution from CDFW. This enables us to provide our field employees with accurate maps of known populations of endangered or threatened species within their zones to avoid any potential conflicts. To improve the accuracy of our mosquitofish distribution data, all fish must be placed by District employees to ensure proper use, accurate data and avoid potential conflicts with native species. A new mobile database system should provide faster (near real-time) and more accurate recording of all District activities.

8. Regulations and Outside Research

The District continues to comply fully with all applicable Federal and State regulations, including FIFRA, CEQA, and the Clean Water Act (National Pollutant Discharge Elimination System - NPDES), as detailed in our district's PEIR. We also continue to collaborate with other agencies and groups, including the California Department of Public Health, the University of California, the California Department of Fish and Wildlife, and the US Department of Agriculture (USDA) on policies and projects that enhance our ability to protect public health and environmental quality. In addition, we continued to collaborate with the USDA to evaluate potential impacts of aquatic weed control on mosquito larval populations, and provided space in our mosquitofish facility for the rearing of aquatic weed biological control agents by USDA personnel.

9. Acknowledgement

I am grateful to the following individuals for their helpful suggestions and/or assistance with the preparation of the report: Paula Macedo, General Manager; David Wexler, Operations Manager; Terry Davis, Program Supervisor; Wayne Shieh, IT Technician, and Chris Miller, Biologist (retired).

Pesticide (units) Mosquito Larvicides Number of applications	2014										2015										2016										2017										2018										2019										2020										2021										2022										2023										2024										14-23 mean																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
	121	80	26	24	4	21	9	0	10	0	30	16.81	12.35	1.01	0.92	1.86	1.98	46.43	0.00	13.79	0.00	19	1.26	0.70	0.04	0.00	0.25	0.02	0.04	0.00	0.06	0.00	11	7.44	7.16	0.69	0.91	0.00	1.81	46.10	0.00	13.34	0.00	1,248	1,076	1,069	750	637	478	308	388	1,803	2,463	3,146	75	65	235	126	41	39	49	34	130	76	3062	62	26	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	23	0	0	0	0	0	0	0	0	0	400	239	138	129	41	19	12	177	1362	2046	1	490	475	516	339	187	146	193	161	299	292	19	63	61	27	26	21	40	24	0	0	0	4	0	0	0	0	0	0	0	0	0	0	0	158	187	104	107	9	41	30	0	0	0	2	0	0	1	0	0	0	0	0	0	0	0	904	1,138	697	1,147	895	505	383	321	866	660	2,008	0	0	0	0	0	0	0	0	0	0	0	904	1130	694	1147	872	470	377	318	865	660	2008	8	3	0	0	23	35	6	3	1	0	0	1,761	2,115	1,706	2,036	1,833	1,974	1,227	1,802	4,247	2,498	2,026	856	830	591	686	364	349	400	66	24	0	187	11	313	237	42	18	79	23	3	0	110	20	1	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16	7	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	554	3	44	5	3	0	0	0	0	0	0	338	872	687	0	0	0	0	0	0	0	0	97	147	497	389	332	327	1178	2823	1408	1058	783	721	1086	465	539	1393	958	210	849	849	210	23	338	119	0	0	0	0	0	0	0	491	4	4	4	4	4	4	4	4	4	4	4	11	88	114	55	89	50	189	98	75	113	285	1,407	1,307	1,125	1,385	1,226	1,469	963	1,723	4,231	1,960	1,269	381	313	237	83	106	42	46	4	14	15	1	2	8	0	1	0	0	0	0	0	0	0	130	14	10	16

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	14-23 mean
Pesticide (units)												
Number of applications												
Mosquito Adulticides												
Natural Pyrethrins (lbs)	252	183	0	0	1	32	45	0	6	1	0	52
Merus (gal)												0.26
Pyrone 25-5 (gal)	0	0	0	0	0	0	0	0	0	0	0	0.00
Pyrocide 7396 (gal)	0	0	0	0	0	2	9	0	0	0	0	0.00
Pyrocide 7087 (gal)	252	183	0	0	0	30	36	0	6	0	0	0.00
Synthetic Pyrethroids (lbs)	51	0	77	76	58	40	38	18	54	61	153	4.08
Scourge (gal)	32	0	0	0	16	0	0	0	0	0	0	0.15
Zenivex E4 (gal)	19	0	77	76	42	29	25	3	15	26	27	0.43
Suspend SC (gal)												0.06
Suspend Polyzone (gal)						11	13	15	39	31	7	0.02
Synergists* (lbs)	284	183	0	0	16	32	45	0	6	1	0	26.39
Piperonyl butoxide (gal)												3.57
Other Insecticides												
Total (lbs)	503	241	636	1241	978	1337	661	500	419	1316	628	783
Dione (lbs)	499	241	636	1241	978	1337	661	322	419	1316	628	765
Delta Dust (lbs)	3	0	0	0	0	0	0	178	0	0	0	18
MPede (gal)	1	0	0	0	0	0	0	0	0	0	0	0
EcoPCODX (lb)	0	0	0	0	0	0	0	0	0	0	0	0
Essentria D (lb)	0	0	0	0	0	0	0	0	0	0	0	0
Rodenticides												
Total (lbs)	386	343	522	452	444	290	309	98	48	222	246	311
Contrac Super-Size Blox (lbs)+	135	96	101	59	78	0	31	1	0	1	1	50
Contrac Small Blox (lbs)+	0	14	3	0	0	98	164	30	3	16	48	33
Diltac Blox (lbs)†	0	111	346	330	366	181	104	66	45	205	167	175
Diltac Cake (lbs)												2
First Strike Blox (lbs)%	188	0	19	0	0	0	0	0	0	0	0	21
Terad 3 Blox (lbs)&	63	122	53	63	0	0	10	1	0	0	30	31
*FBO is a component of pyrethroid adulticides. Not listed separately prior to 2009												
+Bromadiolone												
%Diflathione												
&Cholecalciferol												

Table 2. Other pesticide usage by material type during 2024 compared with previous ten years

Contra Costa Mosquito and Vector Control District
Debt Management Policy

Overview

The Debt Management Policy (“Debt Policy”) has been developed to provide guidance in the issuance and management of debt by the Contra Costa Mosquito and Vector Control District (“District”) and is intended to comply with Government Code Section 8855, effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District's interest and issuance costs; to maintain the highest possible credit rating, if any; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Debt, properly issued and managed, is a critical element in any financial management program. It assists in the District's effort to allocate limited resources to provide the highest quality of service to the public. The District understands that poor debt management can have ripple effects that hurt other areas of the District. On the other hand, a properly managed debt program promotes economic growth and enhances the vitality of the District for its residents and businesses.

The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

Findings

Unless waived by the District, this Debt Policy shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District's sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District's credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.
- Encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited general fund resources.

Policies

A. Purpose for which Debt may be Issued

The District will consider the use of debt financing for capital improvement projects (“CIP”) primarily when the project's useful life will equal or exceed the term of the financing and when resources are identified sufficient to fund the debt service requirements. An exception to this section's focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below.

i. Long-Term Debt. To the extent permitted by law, long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed will provide benefit to constituents over multiple years.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:

- The project to be financed has been or will be approved by the Board.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not cause the District to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
- The District estimates that sufficient income or revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
- The District considers the improvement/facility to be of vital, time-sensitive need of the community and there are no plausible alternative financing sources.

(d) Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refunding will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve District objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile.

In general, refundings which produce a net present value savings of at least three percent (3%) of the refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than three percent (3%) or negative savings will be considered on a case-by-case basis and are subject to Board approval.

ii. Short-Term Debt. To the extent permitted by law, short-term borrowing may be issued to generate funding for cash flow needs in the form of Tax and Revenue Anticipation Notes (TRAN).

To the extent permitted by law, other types of short-term borrowings, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose

for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, must not exceed seven (7) years.

Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

B. Types of Debt

In order to maximize the financial options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- General Obligation (GO) Bonds: General Obligation Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Examples of projects include but, are not limited to: street improvements libraries, parks, and public safety facilities. All GO bonds shall be authorized by the requisite number of voters in order to pass.
- Lease-Backed Debt/Certificates of Participation (COP): Issuance of lease-backed debt is a commonly used form of debt that allows a District to finance projects where the debt service is secured via a lease, lease/purchase agreement or installment agreement.

The District may from time to time find that other forms of debt to, the extent permitted by law, would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

To maintain a predictable debt service burden, the District will only issue debt that carries a fixed interest rate.

C. Relationship of Debt to Capital Improvement Program and Budget

The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and the capital improvement plan.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes. The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its general fund.

D. Policy Goals Related to Planning Goals and Objectives

The District is committed to financial planning, maintaining appropriate reserves levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

E. Internal Control Procedures

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12;
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues;
- any required reporting to be filed with the California Debt and Investment Advisory Commission (CDIAC); and the District's investment policies as they relate to the investment of bond proceeds.

The General Manager or designee can recommend future changes to the Debt Management Policy as deemed necessary.

Summary of Financing

Recommendation:

The Board adopt a resolution authorizing the financing of a portion of the administrative building renovation and site improvement project through a ten (10) year lease/purchase financing arrangement with Webster Bank. The resolution approves the lease documents comprised of the Site Lease, Lease Agreement, and designates the President of the Board, the General Manager or a designee in writing to sign the final documents on behalf of the District.

Background:

As a member of the California Special Districts Association (CSDA), the District reached out to Rick Wood of the CSDA Finance Corporation for financing under the CSDA Lease/Purchase Program. The consultant to CSDA Finance Corporation, Bill Morton of Municipal Finance Corporation, solicited competitive quotations for 7, 10 and 15 year financing terms from banks and received three proposals which are summarized in the table below:

<u>Bank</u>	<u>Financing Term</u>	<u>Interest Rate</u>
Webster Bank	7 Years	4.029%
	10 Years	4.187%
	15 Years	4.39%
EverBank	7 Years	4.56%
	10 Years	4.64%
	15 Years	4.82%
Capital One	7 Years	4.85%
	10 Years	4.85%
	15 Years	4.87%

Staff believes that the 10 year proposal from Webster Bank is the most cost-effective for the District.

The total costs of issuance for the financing is \$50,000 and is included and will be paid from the financing proceeds upon the successful closing of the financing.

Summary of Lease Documents:

Site Lease – The Site Lease (the “Site Lease”) is the document under which the District leases the land and improvements comprising the District’s headquarters facility (the “Property”) to the Corporation. The District leases the Leased Property to the Corporation in order to give the Corporation a leasehold interest in the Property so that the Corporation can fulfill its obligations under the Lease Agreement to lease the Property and improvements to be financed back to the District pursuant to the Lease Agreement. The term of the Site Lease is exactly the same as that of the Lease Agreement. At the end of the term of the Site Lease, all interest of the Corporation in

the Leased Property reverts to the District unless the Site Lease is extended due to the District not making all Lease Payments and other amounts due under the Lease Agreement.

Lease Agreement – The Lease Agreement (the “Lease Agreement”) is the central financing document. It sets out the business terms of the financing and all other documents are ancillary to it. Under the Lease Agreement, the Corporation agrees to lease the Property back to the District and the District agrees to make semi-annual Lease Payments to the Corporation, which assigns the Lease Payments to the lender (the “Bank”) under an Assignment Agreement in consideration of the Bank providing the funding of the Lease. The main provisions within the Lease Agreement are below.

- (a) The Lease proceeds are deposited at closing into a project fund established by the District. The District controls the process of disbursing funds to the contractor(s) for the construction of the project and is otherwise responsible for all aspects of the construction of the project.
- (b) The District is responsible for maintaining and insuring the Property as well as any other charges related to the Property (triple net lease).
- (c) To include all Lease Payments in the District’s proposed and actual annual budgets. Lease payments are comprised of principal and interest components, similar to a standard loan amortization schedule.
- (d) During the Term of the Lease Agreement, the District must provide the Bank with (i) the audited financial statements of the District within 270 days of the end of the fiscal year, and (ii) any interim or unaudited financial statements that may be reasonably requested by the Bank.
- (e) The District is granted options to prepay the Lease Payments in advance of the final Lease Payment date, in which case the Lease is terminated and the Bank’s interest in the Property is released.
- (f) Upon making the final payment and any other amounts due under the Lease Agreement, the Bank, the Corporation and the District will execute a Termination Agreement and the Site Lease and Lease Agreement will be of no further force and effect.

BEFORE THE BOARD OF TRUSTEES OF
CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT

**Resolution of the Contra Costa Mosquito and
Vector Control District Approving a Site Lease
And a Lease Agreement; Making Certain Determinations
Relating Thereto; and Authorizing Certain Other Actions in
Connection Therewith**

RESOLUTION 25-2

At a meeting of the Board of Trustees of the Contra Costa Mosquito and Vector Control District, a special district organized and existing under the laws of the State of California, held on the 10th day of March 2025, 155 Mason Circle, Concord, California, a quorum being present, the following Resolution was adopted:

WHEREAS, the Contra Costa Mosquito and Vector Control District (the “District”) is a mosquito abatement and vector control district duly organized and existing pursuant to California Health and Safety Code, Section 2000, under the laws of the State of California; and

WHEREAS, in order to provide funds to pay the costs associated with the acquisition, construction and installation of certain improvements to the District’s administrative facility located at 155 Mason Circle, Concord, California 94520 (the “Project”), the District will lease the real property and the buildings and improvements thereon (the “Leased Property”) to Municipal Finance Corporation (the “Corporation”) under a Site Lease (the “Site Lease”) between the District and the Corporation, and the Corporation will lease the Leased Property to the District under a Lease Agreement (the “Lease Agreement”) between the Corporation and the District; and

WHEREAS, the District desires to obtain funds from Webster Bank, National Association (the “Lender”) in order to finance a portion of the costs of the Project and pay costs of issuance in connection with the Lease Agreement; and

WHEREAS, the United States Treasury Department has issued Treasury Regulation Section 1.150-2 (the “Reimbursement Regulations”) constituting final regulations with respect to the use of proceeds of a tax-exempt financing for reimbursement purposes and, in order to comply with the Reimbursement Regulations, the District intends to declare its official intent to be reimbursed for the Project with proceeds of future tax-exempt borrowings, including but not limited to the Lease Agreement; and

WHEREAS, Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) (“SB 450”) requires that the Board obtain from an underwriter, municipal advisor or private lender and disclose, prior to authorization of the issuance of bonds, including debt instruments such as the Lease Agreement, with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the lease payments made pursuant to the Lease Agreement (the “Lease Payments”), (b) the sum of all fees and charges paid to third parties with respect to the Lease Agreement, (c) the amount of proceeds of the Lease

Agreement expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Lease Agreement, and (d) the sum total of all Lease Payments with respect to the Lease Agreement calculated to the final Lease Payment Date under the Lease Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Lease Agreement; and

WHEREAS, in compliance with SB 450, the Board obtained from the Corporation the required good faith estimates and such estimates are disclosed and set forth on **Exhibit A** attached hereto.

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Contra Costa Mosquito and Vector Control District as follows:

Section 1. Approval of Site Lease. The form of Site Lease, as presented to the District at this meeting, is hereby approved. The President and General Manager (each an “Officer,” and collectively, the “Officers”) are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Site Lease, in substantially the form presented to the District at this meeting, with such changes therein as such Officers may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 2. Approval of Lease Agreement. The form of Lease Agreement, as presented to the District at this meeting, along with the Memorandum of Lease, is hereby approved. The Officers are hereby authorized and directed, for and on behalf of the District, to execute, acknowledge and deliver the Lease Agreement, in substantially the form presented to the District at this meeting, with such changes therein as such Officers may require or approve, with the advice and approval of District Counsel, such approval to be conclusively evidenced by the execution and delivery thereof; provided that the aggregate principal component of the portion of the Lease Payments (as defined in the Lease Agreement) due under the Lease Agreement shall not exceed \$8,050,000, the scheduled term of the financing does not extend beyond December 31, 2035, and the interest rate is not greater than 4.187% per annum.

Section 3. Approval of Private Placement. The District hereby approves the assignment of the Lease Payments by the Corporation to the Lender, by a private placement pursuant to and in accordance with an assignment agreement.

Section 4. SB 450 Good Faith Estimates. In accordance with SB 450, good faith estimates of the following have been obtained from the Corporation and are set forth on **Exhibit A** attached hereto: (a) the true interest cost of the lease payments made pursuant to the Lease Agreement, (b) the sum of all fees and charges paid to third parties with respect to the Lease Agreement, (c) the amount of proceeds of the Lease Agreement expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the Lease Agreement, and (d) the sum total of all Lease Payments with respect to the Lease Agreement calculated to the final Lease Payment Date under the Lease Agreement plus the fees and charges paid to third parties not paid with the proceeds of the Lease Agreement.

Section 5. Declaration of Reimbursement. The District shall, presently intends, and reasonably expects to finance a portion of the Project with legally available funds. All of the

expenditures covered by this Resolution were or will be paid on and after the date which is 60 days prior to the effective date of this Resolution. The District presently intends and reasonably expects to participate in a tax-exempt financing within 18 months of the date of the expenditure of moneys on the Project or the date upon which the Project is placed in service, whichever is later (but in no event more than three years after the date of the original expenditure of such moneys), and to allocate from such financing an amount not to exceed amounts advanced for the Project from legally available funds to reimburse the District. The District intends for this Resolution to constitute the District's official intent, within the meaning of the Reimbursement Regulations, to support the use of the proceeds of the Lease Agreement to reimburse the District for the prior payment of expenditure related to the Project.

Section 6. Bank Qualification. The District designates the Lease Agreement as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Internal Revenue Code, and with respect to this designation certifies that (a) the District reasonably anticipates that the amount of tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) that will be issued by or on behalf of the District (and all subordinate entities thereof) during calendar year 2025, including the Lease Agreement, will not exceed \$10,000,000; and (b) the District (including all subordinate entities thereof) will not issue tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) during calendar year 2025, including the Lease Agreement, in an aggregate principal amount or aggregate issue price in excess of \$10,000,000, without first obtaining an opinion of nationally recognized counsel in the area of tax-exempt municipal obligations satisfactory to the Corporation that designation of the Lease Agreement as a "qualified tax-exempt obligation" will not be adversely affected.

Section 7. Official Actions. The Officers are hereby authorized and directed, for and in the name and on behalf of the District, to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the transactions as described herein in connection with the financing of the Project, including executing such other documents and instruments (including federal tax certificate) as may be necessary or desirable to carry out and comply with the intent of this resolution.

Section 8. Ratification of Prior Actions. All actions heretofore taken (not inconsistent with the provisions of this Resolution) by the Board or by the officers, employees and agents of the District directed toward the financing of the Project for the purposes herein set forth are hereby ratified, approved and confirmed.

Section 9. Effective Date. This Resolution shall take effect immediately upon adoption and the Board Secretary shall certify to its adoption.

PASSED, APPROVED, and ADOPTED at a regular meeting of the Board of Trustees of the Contra Costa Mosquito and Vector Control District, this 10th day of March, 2025, by the following vote.

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

Daniel Pellegrini
2025 Secretary, Board of Trustees

EXHIBIT A

GOOD FAITH ESTIMATES

The following information was obtained from the Corporation and is provided in compliance with Senate Bill 450 (Chapter 625 of the 2017-2018 Session of the California Legislature) with respect to the Lease Agreement:

1. *True Interest Cost of the Lease Agreement.* A good faith estimate of the true interest cost of the lease payments made pursuant to the Lease Agreement (the "Lease Payments"), which means the rate necessary to discount the amounts allocable as principal and interest components and payable on the respective Lease Payment Dates, as described under the Lease Agreement to the purchase price received for Lease Agreement, is 4.187 %

2. *Finance Charge of the Lease Agreement.* A good faith estimate of the District's finance charge of the Lease Agreement, which means the sum of all fees and charges paid to third parties (or costs associated with the Lease Agreement), is \$50,000.00.

3. *Amount of Proceeds to be Received by the District.* A good faith estimate of the amount of proceeds expected to be received by the District for sale of the Lease Agreement less the finance charge of the Lease Agreement described in paragraph 2 above, is \$8,000,000.

4. *Total Payment Amount.* A good faith estimate of the total payment amount, which means the sum total of all Lease Payments the District will make to pay their obligations on the Lease Agreement plus the finance charge of the Lease Agreement described in paragraph 2 above not paid with the proceeds of the Lease Agreement, calculated to the final Lease Payment Date under the Lease Agreement, is \$9,935,297.66.

#

AFTER RECORDATION, PLEASE RETURN TO:

**Gilmore & Bell, P.C.
2405 Grand Blvd., Suite 1100
Kansas City, MO 64108
Attention: Jason Schurke, Esq.**

DOCUMENTARY TRANSFER TAX: \$0.00 AS THE TERM OF THE LEASE AND ALL EXTENSIONS IS LESS THAN THIRTY-FIVE (35) YEARS. PROPERTY IS LOCATED IN THE COUNTY OF CONTRA COSTA. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383.

SITE LEASE

Dated as of April 1, 2025

between the

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT

and the

MUNICIPAL FINANCE CORPORATION

SITE LEASE

THIS SITE LEASE (the “Site Lease”), dated as of April 1, 2025, is between the **CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT (formerly known as Contra Costa Mosquito Abatement District)**, a mosquito abatement and vector control district duly organized and existing under the laws of the State of California and California Health and Safety Code section 2000 et seq. (the “District”), as lessor, and **MUNICIPAL FINANCE CORPORATION**, a corporation duly organized and existing under and by virtue of the laws of the State of California (the “Corporation”), as lessee;

WITNESSETH:

WHEREAS, in order to finance certain improvements to the District’s administrative facility (the “Project”), the District has agreed to lease the real property consisting of the land and the buildings located thereon and improvements now or hereafter located thereon, as more particularly described in **Exhibit A** attached hereto and made a part hereof (collectively, the “Property”) to the Corporation by entering into this Site Lease, to be recorded in the Office of the Contra Costa County Clerk-Recorder; and

WHEREAS, the Corporation proposes to lease the Property back to the District pursuant to that certain Lease Agreement, dated as of April 1, 2025, a memorandum of which is recorded concurrently herewith (the “Lease Agreement”) and to assign all of its rights, title and interest in, to and under this Site Lease and the Lease Agreement, including its right to receive lease payments under the Lease Agreement (the “Lease Payments”), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under the Lease Agreement in the event of a default thereunder by the District, to Webster Bank, National Association including its successors and assigns (the “Assignee”) pursuant to that certain Assignment Agreement, dated as of April 1, 2025, between the Corporation and the Assignee, and recorded concurrently herewith;

NOW, THEREFORE, IT IS HEREBY MUTUALLY AGREED, as follows:

Section 1. Definitions. Capitalized terms used, but not otherwise defined, in this Site Lease shall have the meanings ascribed to them in the Lease Agreement.

Section 2. Site Lease. The District hereby leases to the Corporation and the Corporation hereby leases from the District, on the terms and conditions hereinafter set forth, the Property.

Section 3. Term. The term of this Site Lease shall commence on the Closing Date, as defined in the Lease Agreement, and shall end on April 1, 2035, unless such term is extended or sooner terminated as hereinafter provided. If, on April 1, 2035, the aggregate amount of Lease Payments (as defined in and as payable under the Lease Agreement) shall not have been paid by reason of abatement, default or otherwise, or provision shall not have been made for their payment in accordance with the Lease Agreement, then the term of this Site Lease shall be extended until such Lease Payments shall be fully paid or provision made for such payment, but in no event later than April 1, 2045. If, prior to April 1, 2045, all Lease Payments shall be fully paid or provision made for such payment in accordance with the Lease Agreement, the term of this Site Lease shall end.

Section 4. Advance Rental Payment. The District agrees to lease the Property to the Corporation in consideration of the payment by the Corporation of an advance rental payment of \$8,050,000. The District and the Corporation agree that by reason of the assignment of the Lease Payments to the Assignee

under and pursuant to the Assignment Agreement, the advance rental payment referenced in the preceding sentence shall be deemed to have been paid.

Section 5. Purpose. The Corporation shall use the Property solely for the purpose of leasing the Property to the District pursuant to the Lease Agreement and for such purposes as may be incidental thereto; *provided, however*, that in the event of default by the District under the Lease Agreement, the Corporation and its assigns may exercise the remedies provided in the Lease Agreement.

Section 6. District's Interest in the Property. The District covenants that it is the owner in fee of the Property.

Section 7. Assignments and Subleases. Unless the District shall be in default under the Lease Agreement, the Corporation may not assign its rights under this Site Lease or sublet the Property, except as provided in the Lease Agreement and the Assignment Agreement, without the written consent of the District and the Assignee. If the District is in default under the Lease Agreement, the Assignee (including its successors and assigns under the Lease Agreement) may fully and freely assign and sublease the Property or any portion thereof, subject to this Site Lease.

Section 8. Right of Entry. The District reserves the right for any of its duly authorized representatives to enter upon the Property at any reasonable time to inspect the same or to make any repairs, improvements or changes necessary for the preservation thereof.

Section 9. Termination. The Corporation agrees, upon the termination of this Site Lease, to quit and surrender the Property in the same good order and condition as the same were in at the time of commencement of the term hereunder, reasonable wear and tear excepted, and agrees that any permanent improvements and structures existing upon the Site at the time of the termination of this Site Lease shall remain thereon and title thereto shall vest in the District.

Section 10. Default. In the event the Corporation shall be in default in the performance of any obligation on its part to be performed under the terms of this Site Lease, which default continues for thirty (30) days following notice and demand for correction thereof to the Corporation, the District may exercise any and all remedies granted by law, except that no merger of this Site Lease and of the Lease Agreement shall be deemed to occur as a result thereof and the District shall have no right to terminate this Site Lease as a remedy for such default. Notwithstanding the foregoing, so long as the Lease Agreement remains in effect, the District will continue to pay the Lease Payments to the Assignee. In the event of the occurrence of an Event of Default under the Lease Agreement, the Corporation may (i) exercise the remedies provided in the Lease Agreement, (ii) use the Property for any lawful purpose, subject to any applicable legal limitations or restrictions, and (iii) exercise all options provided herein.

Section 11. Quiet Enjoyment. The Corporation, at all times during the term of this Site Lease, shall peaceably and quietly have, hold and enjoy all of the Property subject to the provisions of the Lease Agreement.

Section 12. Waiver of Personal Liability. All liabilities under this Site Lease on the part of the Corporation are solely liabilities of the Corporation and the District hereby releases each and every board member, director, officer, employee and agent of the Corporation of and from any personal or individual liability under this Site Lease. No board member, director, officer, employee or agent of the Corporation shall at any time or under any circumstances be individually or personally liable under this Site Lease for anything done or omitted to be done by the Corporation hereunder.

Section 13. Taxes. All assessments of any kind or character and all taxes, including possessory interest taxes, levied or assessed upon the Property or the Corporation's interest in the Property created by this Site Lease (including both land and improvements) will be paid by the District in accordance with the Lease Agreement.

Section 14. Eminent Domain. In the event the whole or any part of the Property is taken by eminent domain proceedings, the interest of the Corporation shall be recognized and is hereby determined to be the amount of the then unpaid principal component of the Lease Payments, any then unpaid interest component of the Lease Payments and any premium due with respect to the prepayment of Lease Payments to the date such amounts are remitted to the Corporation or its assignee, and, subject to the provisions of the Lease Agreement, the balance of the award, if any, shall be paid to the District. The District hereby waives, to the extent permitted by law, any and all rights that it has or may hereafter have to acquire the interest of the Corporation in and to the Property through the eminent domain powers of the District. However, the District hereby agrees, to the extent permitted by law, that the compensation to be paid in any condemnation proceedings brought by or on behalf of the District with respect to the Property shall be in an amount not less than the total unpaid principal component of Lease Payments, the interest component of Lease Payments accrued to the date of payment of all Lease Payments and any premium due with respect to the prepayment of Lease Payments under the Lease Agreement.

Section 15. Use of the Proceeds. The District and the Corporation hereby agree that the lease to the Corporation of the District's right and interest in the Property pursuant to Section 2 serves the public purposes of the District.

Section 16. Partial Invalidity. If any one or more of the terms, provisions, covenants or conditions of this Site Lease shall, to any extent, be declared invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, the finding, order or decree of which becomes final, none of the remaining terms, provisions, covenants and conditions of this Site Lease shall be affected thereby, and each provision of this Site Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 17. Notices. All notices, statements, demands, consents, approvals, authorizations, offers, designations, requests or other communications hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered personally or if mailed by United States registered mail, return receipt requested, postage prepaid, at the addresses set forth in the Lease Agreement, or to such other addresses as the respective parties may from time to time designate by notice in writing.

Section 18. Binding Effect. This Site Lease shall inure to the benefit of and shall be binding upon the District and the Corporation and their respective successors and assigns. The Assignee is hereby made a third-party beneficiary hereunder with all rights of a third party beneficiary.

Section 19. Amendment. This Site Lease may not be amended except as permitted under the Lease Agreement.

Section 20. Section Headings. All section headings contained herein are for convenience of reference only and are not intended to define or limit the scope of any provision of this Site Lease.

Section 21. Applicable Law. This Site Lease shall be governed by and construed in accordance with the laws of the State of California applicable to contracts made and performed in California.

Section 22. No Merger. Neither this Site Lease, the Lease Agreement nor any provisions hereof or thereof shall be construed to effect a merger of the title of the District to the Property under this Site Lease and the District's leasehold interest therein under the Lease Agreement.

Section 23. Execution in Counterparts. This Site Lease may be executed in any number of counterparts, each of which shall be deemed to be an original but all together shall constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the District and the Corporation have caused this Site Lease to be executed by their respective officers thereunto duly authorized, all as of the day and year first above written.

**CONTRA COSTA MOSQUITO AND
VECTOR CONTROL DISTRICT**

By: _____
Paul Macedo, DVM, PhD
General Manager

MUNICIPAL FINANCE CORPORATION

By: _____
William A. Morton
President

[Signature Page to Site Lease dated as of April 1, 2025]

Notary Pages Follow

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared Paul Macedo, DVM, PhD, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

[Notary Page for Contra Costa Mosquito and Vector Control District
to Site Lease dated as of April 1, 2025]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)

COUNTY OF _____)

On _____, 2025, before me, _____, Notary Public, personally appeared William A. Morton, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Place Notary Seal Above

Signature of Notary Public

[Notary Page for Municipal Finance Corporation
to Site Lease dated as of April 1, 2025]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

The Property consists of the land described below located at 155 Mason Circle, Concord, California, 94520, together with all buildings and improvements located thereon and all replacements, substitutions, repairs, restorations, modifications, attachments, accessions, additions and improvements thereof or thereto, and any and all insurance and/or proceeds thereof, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CONCORD, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 6, MAP OF SUBDIVISION 5994, FILED JANUARY 6, 1982, MAP BOOK 262, PAGE 8, CONTRA COSTA COUNTY RECORDS.

EXCEPTING THEREFROM: RIGHTS RESERVED IN THE DEED FROM MARSHALL MCKEAN, ET UX, TO MEMORY GARDENS OF CONTRA COSTA, INC., RECORDED SEPTEMBER 23, 1952, BOOK 1995, OFFICIAL RECORDS, PAGE 593, AS FOLLOWS:

"ALL OIL, GAS, CASINGHEAD GASOLINE, AND OTHER HYDROCARBON AND MINERAL SUBSTANCES IN ON AND UNDER SAID LAND, OR THAT MAY BE PRODUCED, RECONVEYED OR SAVED FROM SAID LAND WITH THE RIGHT TO ENTER ON SAID PROPERTY FOR THE PURPOSE OF EXPLORING, TAKING, REMOVING, DISPOSING, MINING AND OPERATING FOR OIL , GAS AND OTHER HYDROCARBON AND MINERAL SUBSTANCES, AND ALL RIGHTS REASONABLY INCIDENT TO SUCH PURPOSES".

THE RIGHTS OF ENTRY THEREUNDER WERE RESTRICTED TO CERTAIN LOCATIONS OF AGREEMENT TO RESTRICT ENTRY RIGHTS RECORDED OCTOBER 16, 1981, BOOK 10538, OFFICIAL RECORDS, PAGE 989, AND RERECORDED JANUARY 18, 1982, BOOK 10646, OFFICIAL RECORDS, PAGE 85.

Tax Account No(s): 159-070-019-9

CERTIFICATE OF ACCEPTANCE

This is to certify that the interest in real property conveyed by the Site Lease, dated as of April 1, 2025, from the Contra Costa Mosquito and Vector Control District, as lessor (the “District”), to the Municipal Finance Corporation (the “Corporation”), as lessee, is hereby accepted by the undersigned officer on behalf of the Corporation, pursuant to authority conferred by the Board of Directors of the Corporation adopted on March ___, 2025, and the lessee consents to recordation thereof by its duly authorized officer.

Dated: [April 1], 2025.

MUNICIPAL FINANCE CORPORATION

By: _____
William A. Morton
President

LEASE AGREEMENT

Dated as of April 1, 2025

between

MUNICIPAL FINANCE CORPORATION

and the

CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT

TABLE OF CONTENTS

ARTICLE I DEFINITIONS; RULES OF INTERPRETATION	1
Section 1.1. Definitions	1
Section 1.2. Interpretation	5
ARTICLE II COVENANTS, REPRESENTATIONS AND WARRANTIES	5
Section 2.1. Covenants, Representations and Warranties of the District	5
Section 2.2. Covenants, Representations and Warranties of the Corporation	9
ARTICLE III DEPOSIT AND APPLICATION OF FUNDS	10
Section 3.1. Deposit of and Application of Funds	10
ARTICLE IV LEASE OF PROPERTY; LEASE PAYMENTS	11
Section 4.1. Lease of Property by the Corporation Back to the District	11
Section 4.2. Term	11
Section 4.3. Lease Payments	11
Section 4.4. Quiet Enjoyment	13
Section 4.5. Title	13
Section 4.6. Release of Excess Property	14
Section 4.7. Substitution of Property	15
ARTICLE V MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS	16
Section 5.1. Maintenance, Utilities, Taxes and Assessments	16
Section 5.2. Modification of Property	16
Section 5.3. Commercial General Liability Insurance	17
Section 5.4. Casualty Insurance	17
Section 5.5. Rental Interruption Insurance	18
Section 5.6. Worker’s Compensation Insurance	18
Section 5.7. Recordation Hereof; Title Insurance	18
Section 5.8. Insurance Net Proceeds; Form of Policies	19
Section 5.9. Installation of District’s Personal Property	19
Section 5.10. Liens	19
Section 5.11. Advances	19
Section 5.12. District Consent to Assignment Agreement	20
Section 5.13. Environmental Covenants	20
ARTICLE VI EMINENT DOMAIN; USE OF NET PROCEEDS	20
Section 6.1. Eminent Domain	20
Section 6.2. Application of Net Proceeds	20
Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction	22
ARTICLE VII OTHER COVENANTS OF THE DISTRICT	22
Section 7.1. Disclaimer of Warranties	22
Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry	23
Section 7.3. Release and Indemnification Covenants	23
Section 7.4. Assignment Agreement by the Corporation	23
Section 7.5. Assignment Agreement and Subleasing by the District	24
Section 7.6. Amendment of Lease Agreement	24
Section 7.7. Tax Covenants	24

Section 7.8.	Financial Statements.....	25
Section 7.9.	Records and Accounts.....	25
Section 7.10.	Observance of Laws and Regulations	25
Section 7.11.	Notices.....	25
ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES.....		26
Section 8.1.	Events of Default Defined.....	26
Section 8.2.	Remedies on Default	26
Section 8.3.	No Remedy Exclusive.....	28
Section 8.4.	Agreement to Pay Attorneys' Fees and Expenses.....	28
Section 8.5.	No Additional Waiver Implied by One Waiver	28
Section 8.6.	Assignee to Exercise Rights	28
ARTICLE IX PREPAYMENT OF LEASE PAYMENTS.....		28
Section 9.1.	Optional Prepayment.....	28
Section 9.2.	Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain	29
Section 9.3.	Security Deposit.....	29
ARTICLE X MISCELLANEOUS.....		30
Section 10.1.	Notices.....	30
Section 10.2.	Binding Effect	30
Section 10.3.	Severability.....	30
Section 10.4.	Net-net-net Lease	30
Section 10.5.	Further Assurances and Corrective Instruments.....	30
Section 10.6.	Waiver of Personal Liability	31
Section 10.7.	Execution in Counterparts	31
Section 10.8.	Applicable Law	31
Section 10.9.	Captions.....	31
Section 10.10.	Waiver of Jury Trial; Agreement for Judicial Reference	31
Section 10.11.	Servicing; Appointment of Servicer.....	31
EXHIBIT A	DESCRIPTION OF THE PROPERTY	
EXHIBIT B	SCHEDULE OF LEASE PAYMENTS	

LEASE AGREEMENT

THIS LEASE AGREEMENT (this “Lease Agreement”), dated as of April 1, 2025, is between **MUNICIPAL FINANCE CORPORATION**, a corporation duly organized and existing under the laws of the State of California, as lessor (the “Corporation”), and the **CONTRA COSTA MOSQUITO AND VECTOR CONTROL DISTRICT (formerly known as Contra Costa Mosquito Abatement District)**, a mosquito abatement and vector control district duly organized and existing under the laws of the State of California, including California Health and Safety Code section 2000 et seq. (the “District”);

WITNESSETH:

WHEREAS, in order to finance certain improvements to the District’s administrative facility (the “Project”), the District has agreed to lease the real property consisting of the land and the buildings located thereon and improvements now or hereafter located thereon, as more particularly described in **Exhibit A** attached hereto and made a part hereof (collectively, the “Property”), to the Corporation by entering into a Site Lease, dated as of April 1, 2025 (the “Site Lease”), which has been recorded in the Office of the Contra Costa County Clerk-Recorder; and

WHEREAS, the Corporation proposes to lease the Property back to the District pursuant to this Lease Agreement evidenced by a Memorandum of Lease Agreement recorded concurrently with the Site Lease, and to assign all of its rights, title and interest in, to and under this Lease Agreement, including its right to receive lease payments under this Lease Agreement (the “Lease Payments”), its right to enforce payment of the Lease Payments and otherwise to enforce its interest and rights under this Lease Agreement in the event of a default hereunder by the District and its rights under the Site Lease, to Webster Bank, National Association including its successors and assigns (the “Assignee”), pursuant to that certain Assignment Agreement, dated as of April 1, 2025, between the Corporation and the Assignee; and

WHEREAS, the District and the Corporation have agreed to enter into this Lease Agreement providing for Lease Payments with an aggregate principal component in the amount of \$8,050,000 for the purpose of implementing the transaction described above, including payment of Costs of Issuance (as defined herein); and

WHEREAS, the District and the Corporation agree to mutually cooperate now and hereafter, to the extent possible, in order to sustain the intent of this Lease Agreement and the bargain of both parties hereto.

AGREEMENT:

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

ARTICLE I DEFINITIONS; RULES OF INTERPRETATION

Section 1.1. Definitions. All terms defined in this **Section 1.1** have the meanings herein specified for all purposes of this Lease Agreement.

“Additional Payments” means the amounts specified as such in **Section 4.3(b)** of this Lease Agreement.

“Applicable Environmental Laws” means and shall include, but shall not be limited to, the Comprehensive Environmental Response, Compensation, and Liability Act (“CERCLA”), 42 USC Sections 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC Sections 6901 et seq.; the Federal Water Pollution Control Act, 33 USC Sections 1251 et seq.; the Clean Air Act, 42 USC Sections 7401 et seq.; the California Hazardous Waste Control Law (“HWCL”), California Health & Safety Code Sections 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), California Health & Safety Code Sections 25300 et seq.; the Porter- Cologne Water Quality Control Act (the “Porter-Cologne Act”), California Water Code Sections 1300 et seq.; the Air Resources Act, California Health & Safety Code Sections 3900 et seq.; the Safe Drinking Water & Toxic Enforcement Act, California Health & Safety Code Sections 25249.5 et seq.; and the regulations under each thereof; and any other local, state, and/or federal laws or regulations, whether currently in existence or hereafter enacted, that govern:

- (a) the existence, cleanup, and/or remedy of contamination on property;
- (b) the protection of the environment from spilled, deposited, or otherwise placed contamination;
- (c) the control of hazardous wastes; or
- (d) the use, generation, transport, treatment, removal, or recovery of Hazardous Substances, including building materials.

“Assignee” means (a) initially, Webster Bank, National Association, as assignee of all rights, title and interests of the Corporation hereunder, and (b) any other entity to whom the rights of the Corporation hereunder are assigned, including subsequent assignees of the Assignee, as provided in **Section 7.4**.

“Assignment Agreement” means the Assignment Agreement, dated as of April 1, 2025, between the Corporation, as assignor of its rights under the Site Lease and this Lease Agreement, and the Assignee, as assignee, as originally executed or as thereafter amended under any duly authorized and executed amendments thereto.

“Business Day” means a day other than a Saturday, Sunday or legal holiday, on which banking institutions are not closed in the State.

“Closing Date” means April 1, 2025.

“Corporation” means Municipal Finance Corporation, a corporation duly organized and existing under the laws of the State of California.

“Corporation Representative” means the President or the designee of any such official, or any other person authorized by resolution of the Corporation delivered to the Assignee to act on behalf of the Corporation under or with respect to the Site Lease, this Lease Agreement and the Assignment Agreement.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the authorization and execution of this Lease Agreement, including but not limited to filing and recording fees, fees, charges and disbursements of attorneys, including counsel to the Assignee, counsel to the Corporation, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of this Lease Agreement, administrative costs of the District and

the Corporation incurred in connection with the execution and delivery of this Lease Agreement, and any other cost, charge or fee in connection with the original execution and delivery of this Lease Agreement, including fees of the California Debt and Investment Advisory Commission.

"Default Rate" means 6%, plus the interest rate equal to the interest component of Lease Payments.

"Determination of Taxability" means any determination, decision or decree by the Commissioner of Internal Revenue, or any District Director of Internal Revenue, or any court of competent jurisdiction, to the effect that an Event of Taxability shall have occurred; provided, however, that the District shall have the opportunity to take such remedial action necessary to restore the tax-exempt status of the interest component of Lease Payments under this Lease Agreement. A Determination of Taxability also shall be deemed to have occurred on the date when the District files any statement, supplemental statement, or other tax schedule, return or document, which discloses that an Event of Taxability shall have occurred.

"District" means the Contra Costa Mosquito and Vector Control District, a mosquito abatement and vector control district organized and existing under and by virtue of the laws of the State of California.

"District Representative" means the President, Vice President, General Manager, or the designee of any such official, or any other person authorized by resolution delivered to the Corporation and the Assignee to act on behalf of the District under or with respect to the Site Lease and this Lease Agreement.

"Event of Default" means any of the events of default as defined in **Section 8.1**.

"Event of Taxability" means, with respect to this Lease Agreement: (a) the application of the proceeds of the advance rental payment by the Corporation pursuant to the Site Lease in such manner that this Lease Agreement becomes an "arbitrage bond" within the meaning of Tax Code Sections 103(b)(2) and 148, and with the result that interest component of the Lease Payments is or becomes includable in a recipient's gross income (as defined in Tax Code Section 61); or (b) if as the result of any act, failure to act or use of the proceeds of the advance rental payment or any misrepresentation or inaccuracy in any of the representations, warranties or covenants contained in this Lease Agreement or the Site Lease by the District the interest component of Lease Payments is or becomes includable in a recipient's gross income (as defined in Tax Code Section 61).

"Federal Securities" means any direct general non-callable obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or obligations the timely payment of principal of and interest on which are directly guaranteed by the United States of America.

"Fiscal Year" means each twelve-month period during the Term of this Lease Agreement commencing on July 1 in any calendar year and ending on June 30 in the next succeeding calendar year, or any other twelve-month period selected by the District as its fiscal year period.

"Governmental Authority" means any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other person with authority to bind a party at law.

"Gross Up Rate" means an interest rate equal to 5.3%.

“Hazardous Substance” means any substance that shall, at any time, be listed as “hazardous” or “toxic” in any Applicable Environmental Law or that has been or shall be determined at any time by any agency or court to be a hazardous or toxic substance regulated under Applicable Environmental Laws; and also means, without limitation, raw materials, building components, the products of any manufacturing, or other activities on the Property, wastes, petroleum, and source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended (42 USC Sections 3011 et seq.).

“Lease Agreement” means this Lease Agreement, dated as of April 1, 2025, between the Corporation and the District, as amended and supplemented hereafter.

“Lease Payment Date” means semiannual payments on April 1 and October 1 in each year, commencing on October 1, 2025, and continuing to and including the date on which the Lease Payments are paid in full.

“Lease Payments” means all payments required to be paid by the District under **Section 4.3**, including any prepayment thereof under **Section 9.1** or **9.2**.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Lease Agreement or to meet or perform its obligations under this Lease Agreement on a timely basis, (c) the validity or enforceability of this Lease Agreement, or (d) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes.

“Material Litigation” means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or before or by any Governmental Authority which, (i) if determined adversely to the District, may have a Material Adverse Effect, (ii) seeks to restrain or enjoin any of the transactions contemplated by this Lease Agreement, or (iii) may adversely affect (A) the exclusion of the interest component of the Lease Payments from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes or (B) the ability of the District to perform its obligations under this Lease Agreement.

“Net Proceeds” means any insurance or eminent domain award (including any proceeds of sale to a governmental entity under threat of the exercise of eminent domain powers), paid with respect to the Property, to the extent remaining after payment therefrom of all expenses incurred in the collection thereof.

“Permitted Encumbrances” means, as of any time: (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the District may permit to remain unpaid under **Article VI**; (b) the Site Lease, this Lease Agreement and the Assignment Agreement; (c) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law; (d) the exceptions disclosed in the title insurance policy issued with respect to the Property issued as of the Closing Date; and (e) any easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record and which the District certifies in writing will not materially impair the use of the Property for its intended purposes.

“Project Fund” means the account named the “Contra Costa Mosquito and Vector Control District 2025 Project Fund” established and held by the District.

“Property” means that certain real property, building and other improvements which are more particularly described in **Exhibit A** to the Site Lease and in **Exhibit A** to this Lease Agreement.

“**Rental Period**” means the period from the Closing Date through June 30, 2025, and, thereafter, the twelve-month period commencing on July 1 of each year during the Term of this Lease.

“**Site Lease**” means the Site Lease, dated as of April 1, 2025, between the District, as lessor, and the Corporation, as lessee, together with any duly authorized and executed amendments thereto.

“**State**” means the State of California.

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

“**Tax Certificate**” means that certain Tax Certificate, dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of this Lease Agreement executed by the District on the date of the execution and delivery thereof, including any and all exhibits attached thereto.

“**Term of this Lease Agreement**” or “**Term**” means the time during which this Lease Agreement is in effect, as provided in **Section 4.2**.

Section 1.2. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Lease Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Lease Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the District. The District makes the following covenants, representations and warranties to the Corporation and the Assignee as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The District is a mosquito abatement and vector control district existing under and by virtue of the laws of the State, including Health and Safety Code section 2000 et seq., has full legal right, power and authority under the laws of the State to enter into the Site Lease and this Lease Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the District has duly authorized the execution and delivery by the District of the Site Lease and this Lease Agreement.

(b) *Due Execution.* The representative of the District executing the Site Lease and this Lease Agreement has been fully authorized to execute the same by a resolution duly adopted by the Board of Directors of the District.

(c) *Valid, Binding and Enforceable Obligations.* The Site Lease and this Lease Agreement have been duly authorized, executed and delivered by the District and constitute the legal, valid and binding agreements of the District enforceable against the District in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site Lease and this Lease Agreement, the consummation of the transactions therein and herein contemplated and the fulfillment of or compliance with the terms and conditions thereof and hereof, do not and will not conflict with or constitute a material violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the District is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the District, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease or this Lease Agreement or the financial condition, assets, properties or operations of the District.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site Lease and this Lease Agreement, or the consummation of any transaction therein and herein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the District or, to the knowledge of the District after reasonable investigation, threatened against or affecting the District or the assets, properties or operations of the District which, if determined adversely to the District or its interests, would have a Material Adverse Effect upon the consummation of the transactions contemplated by or the validity of the Site Lease and this Lease Agreement or upon the financial condition, assets, properties or operations of the District, and the District is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by this Lease Agreement, or the financial condition, assets, properties or operations of the District.

(g) *Sufficient Funds.* The District reasonably believes that sufficient funds can be obtained to make all Lease Payments and all other amounts required to be paid pursuant to this Lease Agreement.

(h) *No Defaults.* The District has never non-appropriated or materially defaulted under any of its payment or performance obligations or covenants, either under any financing lease of the same general nature as this Lease Agreement, or under any of its bonds, notes, or other debt obligations.

(i) *Fee Title.* The District is the owner in fee of title to the Property. No lien or encumbrance on the Property materially impairs the District's use of the Property for the purposes for which it is, or may reasonably be expected to be, held.

(j) *Use of the Property.* During the term of this Lease Agreement, the Property will be used by the District only for the purpose of performing one or more governmental or proprietary functions of the District consistent with the permissible scope of the District's authority

(k) *Change in Financial Condition.* The District has experienced no material change in its financial condition since June 30, 2024.

(l) *Flooding Risk.* The Property is not located in a flood hazard area and has never been subject to material damage from flooding.

(m) *Value of Property and Useful Life of Property.* The value of the Property (including structures and land value) is not less than \$8,050,000, and the useful life of the Property at least extends to April 1, 2045.

(n) *Essential to District Operations.* The Property is essential to the District's efficient and economic operations and the lease thereof for use by the District is in the best interest of the District.

(o) *Financial Statements.* The statement of financial position of the District as of June 30, 2024 and the related statement of activities and statement of cash flows and changes in financial position for the year then ended and the auditors' reports with respect thereto, copies of which have heretofore been furnished to the Assignee, are complete and correct and fairly present the financial condition, changes in financial position and results of operations of the District at such date and for such period, and were prepared in accordance with generally accepted accounting principles. Since the period of such statements, there has been no (i) change which would have a Material Adverse Effect, and (ii) no material increase in the indebtedness of the District.

(p) *Compliance with Seismic Building Code Requirements.* To the best knowledge of the District, and without independent investigation, the improvements on the Property were built in compliance with seismic building code requirements of the State of California at the time such improvements were constructed.

(q) *No Material Adverse Change.* Since the most current date of the information, financial or otherwise, supplied by the District to the Assignee:

(i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect.

(ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect.

(iii) The District has not (A) incurred any material indebtedness on, or lease obligations payable from, its general fund, other than the Lease Payments, and trade accounts payable arising in the ordinary course of the District's business and not past due, or (B) guaranteed the indebtedness of any other person.

(r) *Accuracy of Information.* All information, reports and other papers and data furnished by the District to the Assignee were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Assignee a true and accurate knowledge of the subject matter and were provided in expectation of the Assignee's reliance thereon in entering into the transactions contemplated by this Lease Agreement. No fact is known to the District which has had or, so

far as the District can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Assignee or in other such information, reports, papers and data or otherwise disclosed in writing to the Assignee prior to the Closing Date. Any financial, budget and other projections furnished to the Assignee by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Assignee in connection with the negotiation, preparation or execution of this Lease Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were or will be made, not misleading.

(s) *Hazardous Substances.* The Property is free of all Hazardous Substances other than those used in the ordinary course of business of the District, and the District is in full compliance with all Applicable Environmental Laws.

(t) *No Financial Advisory or Fiduciary Relationship.* The District represents, warrants and covenants that: (i) the transaction contemplated herein and in the Assignment Agreement is an arm's length commercial transaction among the District, the Corporation and the Assignee and its affiliates, (ii) in connection with such transaction, the Assignee and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the District, (iii) the Assignee and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Assignee and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby or by the Assignment Agreement and the discussions, undertakings and procedures leading thereto (whether or not the Assignee, or any affiliate of the Assignee, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Assignee and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with their own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.

(u) *EMMA Filings.* In the event the District files with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), this Lease Agreement, the Site Lease, the Assignment Agreement or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule") (each such posting, an "EMMA Posting"), the District (i) shall provide the Assignee with a copy of each EMMA Posting as soon as it becomes publicly available and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. The District acknowledges and agrees that the Assignee is not responsible for the District's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule. For purposes of this Section 2.1(u), the term "Confidential Information" means contact information, account numbers, or other personally identifiable information (such as names, titles, signatures, account and wiring information).

Section 2.2. Covenants, Representations and Warranties of the Corporation. The Corporation makes the following covenants, representations and warranties to the District and Assignee as of the date of the execution and delivery of this Lease Agreement:

(a) *Due Organization and Existence.* The Corporation is a corporation duly organized and existing under the laws of the State, has full legal right, power and authority to enter into the Site Lease, this Lease Agreement and the Assignment Agreement and to carry out and consummate all transactions on its part contemplated hereby and thereby, and by proper action the Corporation has duly authorized the execution and delivery by the Corporation of the Site Lease, this Lease Agreement and the Assignment Agreement.

(b) *Due Execution.* The representative of the Corporation executing the Site Lease, this Lease Agreement and the Assignment Agreement is fully authorized to execute the same under official action taken by the Board of Directors of the Corporation.

(c) *Valid, Binding and Enforceable Obligations.* The Site Lease, this Lease Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Corporation and constitute the legal, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their respective terms.

(d) *No Conflicts.* The execution and delivery of the Site Lease, this Lease Agreement and the Assignment Agreement, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, do not and will not conflict with or constitute a material violation or breach of or default (with due notice or the passage of time or both) under any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, lease, contract or other agreement or instrument to which the Corporation is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Corporation, which conflict, violation, breach, default, lien, charge or encumbrance would have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this Lease Agreement and the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(e) *Consents and Approvals.* No consent or approval of any trustee or holder of any indebtedness of the Corporation, and no consent, permission, authorization, order or license of, or filing or registration with, any Governmental Authority is necessary in connection with the execution and delivery of the Site Lease, this Lease Agreement or the Assignment Agreement, or the consummation of any transaction herein or therein contemplated, except as have been obtained or made and as are in full force and effect.

(f) *No Litigation.* To the best knowledge of the Corporation, there is no action, suit, proceeding, inquiry or investigation before or by any court or federal, state, municipal or other Governmental Authority pending and notice of which has been served on the Corporation or, to the knowledge of the Corporation after reasonable investigation, threatened against or affecting the Corporation or the assets, properties or operations of the Corporation which, if determined adversely to the Corporation or its interests, would have a material and adverse effect upon the consummation of the transactions contemplated by or the validity of the Site Lease, this Lease Agreement or the Assignment Agreement, or upon the financial condition, assets, properties or operations of the Corporation, and the Corporation is not in default with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other Governmental Authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Site Lease, this

Lease Agreement or the Assignment Agreement or the financial condition, assets, properties or operations of the Corporation.

(g) *Continued Existence of the Corporation.* The Corporation will take or cause to be taken all actions reasonably necessary to continue its existence until such time as the Lease Payments have been paid in full.

(h) *Municipal Advisor Rules.* The Corporation is not acting as an advisor to the District, including, without limitation, as a “Municipal Advisor” as such term is defined in the Municipal Advisor Rules, or an agent or a fiduciary of the District and the Corporation has not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby or by the Site Lease and the discussions, undertakings and procedures leading thereto.

ARTICLE III DEPOSIT AND APPLICATION OF FUNDS; CREATION OF PROJECT FUND

Section 3.1. Deposit of and Application of Funds; Creation of Project Fund. The District shall create and hold, maintain, administer and account for a separately segregated fund into which the proceeds of this Lease Agreement derived from amounts paid by the Assignee under the Assignment Agreement shall be deposited, including all investment earnings thereon (the “Project Fund”). On the Closing Date, the Assignee shall cause the amount of \$8,000,000 to be wire transferred to the District for deposit in the Project Fund and applied to pay a portion of the costs of the Project. In addition, a portion of the amounts paid by the Assignee under the Assignment Agreement shall be applied by the Assignee to pay Cost of Issuance in the amount of \$50,000, as set forth in the closing memorandum relating to this Lease Agreement. Any Costs of Issuance in excess of \$50,000 shall be paid by the District. Amounts in the Project Fund may only be used to pay costs of the Project and Costs of Issuance and may not be used for any other purpose.

Section 3.2. Appointment of District as Agent of Corporation. The Corporation hereby appoints the District as its agent to carry out all phases of the Project under and in accordance with the provisions hereof. The District hereby accepts its appointment as agent of the Corporation and assumes all rights, liabilities, duties and responsibilities of the Corporation regarding the Project. The District, as agent of the Corporation hereunder, will enter into, administer and enforce all purchase orders or other contracts relating to the Project. All contracts for, and all work relating to, the Project are subject to all applicable provisions of law relating to the acquisition, construction, improvement, and equipping of like facilities, equipment and property by the District.

Section 3.3. Acquisition, Construction and Installation of the Project; Quarterly Project Fund Reports to Assignee. As agent of the Corporation, the District hereby agrees with due diligence to supervise and provide for, or cause to be supervised and provided for, the acquisition, construction and installation of the Project in accordance with the plans and specifications, purchase orders, construction contracts and other documents relating thereto and approved by the District under all applicable requirements of law. The District shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Assignee on a quarterly basis beginning on the execution and delivery of this Lease Agreement. The quarterly reports pertaining the Project Fund may be sent to the following email address (or such other address as the Assignee supplies to the District in writing): PublicFinance@WebsterBank.com. The Project Fund will be terminated at the earliest of (a) final distribution of amounts held in the Project Fund, (b) written notice given by the Assignee of an Event of Default by the District under this Lease Agreement, or (c) termination of this Lease Agreement.

**ARTICLE IV
LEASE OF PROPERTY; LEASE PAYMENTS**

Section 4.1. Lease of Property by the Corporation Back to the District.

(a) The Corporation hereby leases the Property to the District, and the District hereby leases the Property from the Corporation, upon the terms and conditions set forth in this Lease Agreement.

(b) The leasing of the Property by the District to the Corporation pursuant to the Site Lease shall not affect or result in a merger of the District's leasehold estate pursuant to this Lease Agreement and its fee estate as lessor under the Site Lease. This Lease Agreement shall constitute a sublease with respect to the Property. The leasehold interest in the Property granted by the District to the Corporation pursuant to the Site Lease is and shall be independent of this Lease Agreement; this Lease Agreement shall not be an assignment or surrender of the leasehold interest in the Property granted to the Corporation under the Site Lease.

Section 4.2. Term. The Term of this Lease Agreement commences on the Closing Date and ends on April 1, 2035, or the date on which all of the Lease Payments have been paid in full. If on April 1, 2035, the Lease Payments payable hereunder shall have been abated at any time and for any reason and not otherwise paid from rental interruption insurance or other sources, or the District shall have defaulted in its payment of Lease Payments hereunder or any Event of Default has occurred and continues without cure by the District, then the term of this Lease Agreement shall be extended for the actual period of abatement or for so long as the default remains uncured, as necessary to accommodate the final payment of all Lease Payments due hereunder, not to exceed ten (10) years. The provisions of this **Section 4.2** are subject to the provisions of **Section 6.1** relating to the taking in eminent domain of the Property or any portion thereof.

Section 4.3. Lease Payments.

(a) *Obligation to Pay.* Subject to the provisions of **Sections 6.1** and **6.3** and the provisions of **Article IX**, the District agrees to pay to the Corporation, its successors and assigns, the Lease Payments (denominated into components of principal and interest) in the amounts specified in **Exhibit B** attached hereto (including any supplements thereto) and by this reference incorporated herein, to be due and payable in immediately available funds on each of the respective Lease Payment Dates specified in **Exhibit B**. The Lease Payments payable in any Rental Period with respect to the Property shall be for the use of the Property during such Rental Period. The interest component of the portion of the Lease Payments has been calculated based on a tax-exempt interest rate of 4.187% per annum, on the basis of a 360-day year of twelve 30-day months. In the event the District does not make any Lease Payments by the applicable Lease Payment Date, the interest component of the portion of the Lease Payment shall be calculated based on the Default Rate.

(b) *Additional Payments.* In addition to the Lease Payments set forth herein, the District agrees to pay as Additional Payments all of the following:

(i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Property or upon any interest of the Corporation therein or in this Lease Agreement; provided, however, the District may, at the District's expense and in its name, in good faith contest any such taxes and assessments and, in the event of such contest, may permit such taxes and assessments to remain unpaid during the period of such contest and appeal therefrom unless the Corporation shall notify the District that by nonpayment of any such items, the interest of the Corporation in the Property will be materially endangered or the Property,

or any portion thereof, will be subject to loss or forfeiture, in which event the District shall promptly pay such taxes and assessments or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation;

(ii) insurance premiums, if any, on all insurance required under the provisions of **Article V**;

(iii) any other reasonable fees, costs or expenses incurred by the Corporation in connection with the execution, performance or enforcement of this Lease Agreement or any of the transactions contemplated hereby or related to the Property, including, without limitation, any amounts which may become due; provided, however, the District shall not be responsible for any costs incurred by the Corporation associated with any assignment made by the Assignee;

(iv) any amounts required to be paid as rebate to the United States pursuant to the Tax Certificate; and

(v) upon the occurrence of a Determination of Taxability with respect to this Lease Agreement, the District shall, with respect to future Lease Payments, make Additional Payments resulting from the application of the Gross Up Rate thereto directly to the Corporation equal to the difference between the interest component of the Lease Payments calculated at the interest rate provided in this Lease Agreement and the interest component of the Lease Payments calculated at the Gross Up Rate; provided, however, in no event shall the total of the Lease Payments and the aggregate Additional Payments under this **Section 4.3(b)(v)** for any Fiscal Year exceed the annual fair rental value of the Property. In addition, the District shall make immediately upon demand of the Corporation an Additional Payment to the Corporation sufficient to indemnify the Corporation for any prior Lease Payments determined to be taxable as a consequence of a Determination of Taxability such that the taxable prior Lease Payments will be calculated at the Gross Up Rate instead of the interest rate set forth in this Lease Agreement; provided, however, in no event shall the total of the Lease Payments and the aggregate Additional Payments under this **Section 4.3(b)(v)** for any Fiscal Year exceed the annual fair rental value of the Property. To the extent that all such Additional Payments have not been paid to the Corporation at the end of the term of this Lease Agreement, the Term shall be extended in accordance with **Section 4.2**.

Amounts constituting Additional Payments payable hereunder shall be paid by the District directly to the person or persons to whom such amounts shall be payable. The District shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 30 days after notice in writing from the Corporation to the District stating the amount of Additional Payments then due and payable and the purpose thereof.

(c) *Effect of Prepayment.* If the District prepays all Lease Payments in full under **Section 9.1** or **9.2**, the District's obligations under this Section will thereupon cease and terminate. If the District prepays the Lease Payments in part but not in whole under **Section 9.1** or **9.3**, the principal components of the remaining Lease Payments will be applied first to reduce the principal components of the Lease Payments in inverse order of the Lease Payment Dates.

(d) *Rate on Overdue Payments.* If the District fails to make any of the payments required in this **Section 4.3**, the payment in default will continue as an obligation of the District until the amount in default has been fully paid, and the District agrees to pay the same with interest thereon, from the date of default to the date of payment at the Default Rate per annum.

(e) *Fair Rental Value.* The Lease Payments coming due and payable during each Rental Period constitute the total rental for the Property for such Rental Period, and will be paid by the District in each Rental Period for and in consideration of the right of the use and occupancy of, and the continued quiet use and enjoyment of the Property during each Rental Period. The parties hereto have agreed and determined that the total Lease Payments due during each Rental Period are not in excess of the fair rental value of the Property during such Rental Periods. In making this determination, consideration has been given to the estimated fair market value of the Property, the estimated replacement cost of the Property, the uses and purposes which may be served by the Property and the benefits therefrom which will accrue to the District and the general public.

(f) *Source of Payments; Budget and Appropriation.* The Lease Payments and Additional Payments are payable from any source of legally available funds of the District, subject to the provisions of **Sections 6.1** and **6.3**. The District covenants to take such action as may be necessary to include all Lease Payments and Additional Payments in each of its annual budgets during the Term of this Lease Agreement and to make the necessary annual appropriations for all such Lease Payments and Additional Payments. The covenants on the part of the District herein contained constitute duties imposed by law and it is the duty of officials of the District vested with the authority to execute the terms of this Lease Agreement to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the District to carry out and perform the covenants and agreements in this Lease Agreement agreed to be carried out and performed by the District.

(g) *Allocation of Lease Payments.* All Lease Payments received shall be applied first to the interest components of the Lease Payments due hereunder, then to the principal components of the Lease Payments due hereunder, but no such application of any payments that are less than the total rental due and owing shall be deemed a waiver of any default hereunder.

(h) *No Offsets.* Notwithstanding any dispute between the Corporation, or Assignee as the Corporation's assignee, and the District, the District shall make all Lease Payments when due without deduction or offset of any kind and shall not withhold any Lease Payments pending the final resolution of such dispute.

(i) *Assignment Agreement.* The District understands and agrees that all Lease Payments have been assigned by the Corporation to the Assignee under the Assignment Agreement executed concurrently herewith, and the District hereby consents to such assignment. The Corporation hereby directs the District, and the District hereby agrees, to pay to the Assignee (or to its assignees as directed pursuant to **Section 7.4**) all payments payable by the District under this **Section 4.3** and all amounts payable by the District under **Article IX**. Lease Payments shall be paid to the Assignee in accordance with wire instructions provided by the Assignee from time to time.

Section 4.4. Quiet Enjoyment. Throughout the Term of this Lease Agreement, the Corporation will provide the District with quiet use and enjoyment of the Property and the District will peaceably and quietly have and hold and enjoy the Property, without suit, trouble or hindrance from the Corporation, except as expressly set forth in this Lease Agreement. The Corporation will, at the request of the District and at the District's cost, join in any legal action in which the District asserts its right to such possession and enjoyment to the extent the Corporation may lawfully do so. Notwithstanding the foregoing, the Corporation and the Assignee have the right to inspect the Property as provided in **Sections 5.13(c)** and **7.2**.

Section 4.5. Title. At all times during the Term of this Lease Agreement, the District shall hold title to the Property, including all additions which comprise fixtures, repairs, replacements or modifications thereto, subject to Permitted Encumbrances and subject to the provisions of **Section 7.2**.

Upon the termination of this Lease Agreement (other than under **Section 8.2(b)**), all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. Upon the payment in full of all Lease Payments allocable to the Property, or upon the deposit by the District of security for such Lease Payments as provided in **Section 9.3**, all right, title and interest of the Corporation in and to the Property shall be transferred to and vested in the District. The Corporation agrees to take any and all steps and execute and record any and all documents reasonably required by the District to consummate any such transfer.

Section 4.6. Release of Excess Property. The District may, at any time and from time to time, release any portion of the Property (the “Released Property”) from this Lease Agreement, with the prior written consent of the Assignee, which consent shall be at the Assignee’s sole discretion, and upon satisfaction of all of the following requirements which are conditions precedent to such release:

(a) The District shall certify to the Corporation and the Assignee that no Event of Default has occurred and is continuing, and no event giving rise to an abatement of Lease Payments under **Section 6.3** has occurred or is continuing with respect to the Property to be remaining following release of the Released Property;

(b) The District shall file with the Corporation and the Assignee, and cause to be recorded in the office of the Contra Costa County Recorder, an amendment to this Lease Agreement which deletes the Released Property from the description of the Property;

(c) The District shall file with the Corporation and the Assignee a written certificate of the District stating the District’s determination that the estimated value of the real property which will remain leased under this Lease Agreement following such release is at least equal to the original principal components of the Lease Payments and upon request of the Assignee, the District shall provide to the Assignee additional information and documents to evidence the value of the remaining portion of the Property;

(d) The District shall file with the Corporation and the Assignee a written certificate of the District stating the District’s determination that the estimated fair rental value, for each remaining Rental Period and in the aggregate, of the Property remaining after release of the Released Property is at least equal to the remaining Lease Payments for each remaining Rental Period and in the aggregate;

(e) The District shall furnish the Corporation and the Assignee with a written opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Assignee stating that the release of the Released Property does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State; and

(f) The District shall file with the Corporation and the Assignee such other information, documents and instruments as the Corporation or the Assignee shall reasonably request, including (if requested by the Assignee) evidence of the insurable value of the Property to be remaining following release of the Released Property, indicating that such value is in excess of the then unpaid principal component of the Lease Payments and such endorsements to the title policy delivered on the Closing Date.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Released Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of such release. The

Corporation and the District shall execute, deliver and cause to be recorded all documents required to discharge this Lease Agreement of record against the Released Property.

Section 4.7. Substitution of Property. In the event of damage or destruction of the Property due to earthquake or other uninsured casualty for which rental interruption insurance is not available or in the event that following the condemnation of all or a portion of the Property the fair rental value of the Property remaining after such condemnation is less than the remaining Lease Payments due under this Lease Agreement, the District shall substitute under the Site Lease and this Lease Agreement one or more parcels of unimpaired and unencumbered real property, the fair rental value of which, for each remaining Rental Period and in the aggregate, shall be at least equal to the remaining unpaid principal components of the Lease Payments hereunder.

(a) If for any reason the District is unable to so substitute real property for the Property with a fair rental value at least equal to the remaining unpaid principal components of the Lease Payments hereunder, the District shall use its best efforts to obtain other financing in an amount necessary to prepay the principal component of the Lease Payments not supported by the fair rental value of the substituted property, if any.

(b) The District, with Assignee's prior written consent, which consent shall be at the Assignee's sole discretion, has the option at any time and from time to time, to substitute other real property (the "Substitute Property") for the Property or any portion thereof (the "Former Property"), upon satisfaction of all of the following requirements which are hereby declared to be conditions precedent to such substitution:

(i) No Event of Default has occurred and is continuing.

(ii) The District has filed with the Corporation and the Assignee and caused to be recorded in the office of the Contra Costa County Recorder sufficient memorialization of an amendment hereof which adds the legal description of the Substitute Property to **Exhibit A** and deletes therefrom the legal description of the Former Property.

(iii) The District has obtained a CLTA or ALTA policy of title insurance insuring the District's leasehold estate hereunder in the Substitute Property, subject only to Permitted Encumbrances, in an amount at least equal to the remaining Lease Payments.

(iv) The District has certified in writing to the Corporation and the Assignee that the Substitute Property serves the public purposes of the District and constitutes property which the District is permitted to lease under the laws of the State of California, and has been determined to be essential to the proper, efficient and economic operation of the District and to serve an essential governmental function of the District.

(v) The Substitute Property does not cause the District to violate any of its covenants, representations and warranties made herein.

(vi) The District has filed with the Corporation and the Assignee a written certificate of the District or other written evidence stating that (i) the value of the Property after such substitution is at least equal to the remaining unpaid principal components of the Lease Payments, (ii) the fair rental of the Property after such substitution is at least equal to the Lease Payments thereafter coming due and payable, and (iii) the useful life of the Substitute Property at least extends to April 1, 2045.

(vii) The District shall furnish the Corporation and the Assignee with a written opinion of opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Assignee stating that the Substitute Property does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

Upon the satisfaction of all such conditions precedent, the Term of this Lease Agreement will thereupon end as to the Former Property and commence as to the Substitute Property, and all references to the Former Property will apply with full force and effect to the Substitute Property. The District is not entitled to any reduction, diminution, extension or other modification of the Lease Payments whatsoever as a result of any substitution of property under this Section. The Corporation and the District will execute, deliver and cause to be recorded all documents required to discharge the Site Lease, this Lease Agreement and the Assignment Agreement of record against the Former Property and to cause the Substitute Property to become subject to all of the terms and conditions of the Site Lease, this Lease Agreement and the Assignment Agreement.

ARTICLE V MAINTENANCE; TAXES; INSURANCE; AND OTHER MATTERS

Section 5.1. Maintenance, Utilities, Taxes and Assessments. Throughout the Term of this Lease Agreement, as part of the consideration for the rental of the Property, all improvement, repair and maintenance of the Property are the sole responsibility of the District and the District will maintain the Property in good condition. The District will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power, gas, telephone, light, heating, water and all other utility services, and shall pay for or otherwise arrange for the payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the District or any assignee or sublessee thereof. In exchange for the Lease Payments herein provided, the Corporation agrees to provide only the Property, as hereinbefore more specifically set forth. The District waives the benefits of subsections 1 and 2 of Section 1932, Section 1933(4) and Sections 1941 and 1942 of the California Civil Code, but such waiver does not limit any of the rights of the District under the terms of this Lease Agreement.

The District will pay or cause to be paid all taxes and assessments of any type or nature, if any, charged to the Corporation or the District affecting the Property or the respective interests or estates therein; provided that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the District is obligated to pay only such installments as are required to be paid during the Term of this Lease Agreement as and when the same become due.

The District may, at the District's expense and in its name, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Corporation shall notify the District that, in its reasonable opinion, by nonpayment of any such items the interest of the Corporation in the Property will be materially endangered or the Property or any part thereof will be subject to loss or forfeiture, in which event the District will promptly pay such taxes, assessments or charges or provide the Corporation with full security against any loss which may result from nonpayment, in form satisfactory to the Corporation. The District shall promptly notify the Assignee of any tax, assessment, utility or other charge it elects to contest.

Section 5.2. Modification of Property. The District has the right, at its own expense, to make additions, modifications and improvements to the Property or any portion thereof. All additions, modifications and improvements to the Property will thereafter comprise part of the Property and become

subject to the provisions of this Lease Agreement. Such additions, modifications and improvements may not in any way damage the Property, prevent the District's beneficial use of the property (other than the portion of the Property to be improved pursuant to the Project), or cause the Property to be used for purposes other than those authorized under the provisions of state and federal law; and the Property, upon completion of any additions, modifications and improvements made thereto under this Section, must be of a value which is not substantially less than the value thereof immediately prior to the making of such additions, modifications and improvements.

Section 5.3. Commercial General Liability Insurance. The District shall maintain or cause to be maintained throughout the Term of this Lease Agreement a standard commercial general liability insurance policy or policies in protection of the District, the Assignee and their respective members, officers, agents, employees and assigns, and shall name the Assignee as an additional insured. Said policy or policies shall provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the operation of the Property. Such policy or policies must provide coverage with limits and subject to such deductibles as the District shall deem adequate and prudent, and in all events in form and amount (including any deductibles) satisfactory to the Assignee. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including, with Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the proceeds of such liability insurance toward extinguishment or satisfaction of the liability with respect to which such proceeds have been paid.

Section 5.4. Casualty Insurance; Flood Coverage.

(a) *Requirement to Maintain Casualty Insurance.* The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, casualty insurance against loss or damage to all buildings and other improvements situated on the Property and owned by the District, in an amount at least equal to the greater of the replacement value of the insured buildings and other improvements and the aggregate principal amount of the Lease Payments outstanding, with a lender's loss payable endorsement in favor of the Assignee. Such insurance must, as nearly as practicable, cover loss or damage by all "special form" perils. Earthquake insurance shall only be carried if available from reputable insurers at a reasonable cost as determined by the District Manager of the District. Such insurance shall be subject to a deductible of not to exceed \$1,000. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including, with the Assignee's prior written consent, a self-insurance program), and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance. The District will apply the Net Proceeds of such insurance as provided in **Section 6.2**.

(b) *Flood Insurance.* If at any time and for so long as the Property is located in a 100-year flood area as shown on a Flood Insurance Rate Map published by the Federal Emergency Management Agency, the policy or policies of casualty insurance provided under this **Section 5.4** shall include insurance against loss or damage to the Property due to flooding. If the District obtains an exception or waiver to the designation of the Property as being within a 100-year flood area from the Federal Emergency Management Agency, the District shall not be required to provide flood insurance as set forth in this subsection (b). To the extent the District fails to procure adequate flood insurance within 30 days after receipt of notification that such flood insurance is required, the Assignee may take such action as is necessary to procure such flood insurance, including advancing payment for such flood insurance, and the District shall be obligated to promptly (within 30 days) repay the Assignee the cost of such flood insurance and all such advances as additional rental hereunder, with interest at the rate set forth in **Section 4.4(d)**.

(c) *Federal or State Disaster Aid.* Should the Property be damaged or destroyed as a result of an event for which federal or State disaster aid is available, the Corporation and/or the District shall promptly apply for disaster aid. Any disaster aid proceeds received shall be used to repair, reconstruct, restore or replace the damaged or destroyed portions of the Property or, at the option of the District and the Corporation, to prepay the Lease Payments if permitted under the disaster aid program and the law.

Section 5.5. Rental Interruption Insurance. The District will procure and maintain, or cause to be procured and maintained, throughout the Term of this Lease Agreement, rental interruption or use and occupancy insurance to cover loss, total or partial, of the use of the Property and the improvements situated thereon as a result of any of the hazards covered in the insurance required by **Section 5.4**, in an amount at least equal to the maximum Lease Payments coming due and payable during any future 24 month period. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance; provided that such rental interruption insurance shall not be self-insured by the District. The District will apply the Net Proceeds of such insurance towards the payment of the Lease Payments allocable to the insured improvements as the same become due and payable.

Section 5.6. Worker's Compensation Insurance. If required by applicable California law, the District shall carry worker's compensation insurance covering all employees on, in, near or about the Property and, upon request, shall furnish to the Corporation certificates evidencing such coverage throughout the Term of this Lease Agreement. Such insurance may be maintained as part of or in conjunction with any other insurance coverage carried by the District (including a self-insurance program) and may be maintained in whole or in part in the form of the participation by the District in a joint powers authority or other program providing pooled insurance.

Section 5.7 Payment and Performance Bonds. Each contractor entering into a Construction Contract relating to the Project, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk for the construction of the Project is required to furnish a performance bond and a separate labor and material payment bond, copies of which will be provided to the Lender. In the event of any material default by a contractor, or the construction manager at risk or any first-tier subcontractor entering into a construction contract with the construction manager at risk, under any Construction Contract, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the District will promptly proceed, either separately or in conjunction with others, to pursue diligently its remedies against such contractor and/or against each surety of any bond securing the performance of the Construction Contracts. The Net Proceeds of any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, remaining after deduction of expenses incurred in such recovery (including, without limitation, attorneys' fees and costs), and after reimbursement to the District of any amounts theretofore paid by the District and not previously reimbursed to the District for correcting or remedying the default or breach of warranty which gave rise to the proceedings against the contractor or surety, will be deposited by the District into the Project Fund if received before the Completion Date therefor or if received thereafter, will be deposited as otherwise provided in Section 8.2 or otherwise applied as provided in Section 8.3. The Net Proceeds of any performance or payment bond or insurance policy required by this Section will likewise be paid into the Project Fund if received before the Completion Date, or, if received thereafter, will either be deposited as provided in Section 8.2 or otherwise applied as provided in Section 8.3. Any payment and performance bonds delivered in accordance with this **Section 5.7** shall be delivered by a surety rated "A" or better by AM Best and shall name the Lender as an additional obligee.

Section 5.8. Recordation Hereof; Title Insurance. On or before the Closing Date, the District shall, at its expense, (a) cause this Lease Agreement (or a memorandum hereof), the Site Lease and the

Assignment Agreement, in form and substance approved by Assignee, to be recorded in the office of the Contra Costa County Recorder with respect to the Property, and (b) obtain a CLTA or ALTA title insurance policy insuring the Assignee's interests in the estate established under the Site Lease and hereunder in the Property, subject only to Permitted Encumbrances, in an amount equal to the original principal components of the Lease Payments. The District will apply the Net Proceeds of such insurance as provided in **Section 6.2**.

Section 5.9. Insurance Net Proceeds; Form of Policies. All insurance policies (or riders) required by this **Article V** and provided by third party insurance carriers shall be taken out and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State, and shall contain a provision that the insurer shall not cancel or revise coverage thereunder without giving written notice to the insured parties at least ten days before the cancellation or revision becomes effective. Each insurance policy or rider required by **Sections 5.3, 5.4 and 5.5** and provided by third party insurance carriers shall name the District and the Assignee as insured parties and the Assignee as loss payee and shall include a lender's loss payable endorsement for the benefit of the Assignee. In the case of coverage pursuant to **Section 5.3**, the Corporation and the Assignee shall be added as additional insureds. Prior to the Closing Date, the District will deposit with the Assignee policies (and riders and endorsements, if applicable) evidencing any such insurance procured by it, or a certificate or certificates of the respective insurers stating that such insurance is in full force and effect. Before the expiration of any such policy (or rider), the District will furnish to the Assignee evidence that the policy has been renewed or replaced by another policy conforming to the provisions of this **Article V** unless such insurance is no longer obtainable, in which event the District shall notify the Assignee of such fact.

Section 5.10. Installation of District's Personal Property. The District may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed other items of equipment or other personal property in or upon the Property. All such items shall remain the sole property of the District, in which the Corporation has no interest, and may be modified or removed by the District at any time. The District must repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in this Lease Agreement prevents the District from purchasing or leasing items to be installed under this Section under a lease or conditional sale agreement, or subject to a vendor's lien or security agreement, as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest may attach to any part of the Property.

Section 5.11 Liens. The District will not, directly or indirectly, create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or claim on or with respect to the Property, other than as herein contemplated and except for such encumbrances as the District certifies in writing to the Assignee do not materially and adversely affect the leasehold estate in the Property hereunder and for which the Assignee provides its prior written approval, which approval shall be at Assignee's sole discretion. Except as expressly provided in this **Article V**, the District will promptly, at its own expense, take such action as may be necessary to duly discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim, for which it is responsible, if the same shall arise at any time. The District will reimburse the Assignee for any expense incurred by it in order to discharge or remove any such mortgage, pledge, lien, charge, encumbrance or claim.

Section 5.12. Advances. If the District fails to perform any of its obligations under this **Article V**, the Corporation may take such action as may be necessary to cure such failure, including the advancement of money, and the District shall be obligated to repay all such advances as additional rental hereunder, with interest at the rate set forth in **Section 4.3(d)**.

Section 5.13. District Consent to Assignment Agreement. The Corporation's rights under this Lease Agreement (excluding the right to receive notices, the right to reimbursement of costs and to indemnification), including the right to receive and enforce payment of the Lease Payments, and the Site Lease, are being assigned to the Assignee pursuant to the Assignment Agreement. The District hereby consents to such assignment and to any additional assignment of such rights by the Assignee or its assignees. The District agrees to execute all documents, including notices of assignment and chattel mortgages or financing statements, which may be reasonably requested by the Assignee or its assignees to protect their interests in the Property and in this Lease Agreement.

Section 5.14. Environmental Covenants.

(a) *Compliance with Laws; No Hazardous Substances.* The District will comply with all Applicable Environmental Laws with respect to the Property and will use, store, generate, treat, transport, or dispose of any Hazardous Substance used thereon in the normal course of business in compliance with all applicable laws and regulations. Should any Hazardous Substance be permitted by the District to flow, migrate, leak, leach, or otherwise come to rest on or in the Property, the District will indemnify the Corporation, and its assignees, as provided in **Section 7.3**.

(b) *Notification of Assignee.* The District will transmit copies of all notices, orders, or statements received from any governmental entity concerning violations or asserted violations of Applicable Environmental Laws with respect to the Property and any operations conducted thereon or any conditions existing thereon to the Assignee, and the District will notify the Assignee in writing immediately of any release, discharge, spill, or deposit of any Hazardous Substance that has occurred or is occurring that in any way affects or threatens to affect the Property, or the people, structures, or other property thereon, provided that no such notification shall create any liability or obligation on the part of the Assignee.

(c) *Access for Inspection.* The District will permit the Assignee, its agents, or any experts designated by the Assignee to have full access to the Property during reasonable business hours for purposes of such independent investigation of compliance with all Applicable Environmental Laws, provided that the Assignee has no obligation to do so, or any liability for any failure to do so, or any liability should it do so.

**ARTICLE VI
EMINENT DOMAIN; USE OF NET PROCEEDS**

Section 6.1. Eminent Domain. If all of the Property shall be taken permanently under the power of eminent domain or sold to a governmental entity threatening to exercise the power of eminent domain, the Term of this Lease Agreement shall cease as of the day possession shall be so taken. If less than all of the Property shall be taken permanently, or if all of the Property or any part thereof shall be taken temporarily under the power of eminent domain, (1) this Lease Agreement shall continue in full force and effect and shall not be terminated by virtue of such taking and the parties waive the benefit of any law to the contrary, and (2) there shall be a partial abatement of Lease Payments in an amount equal to the application of the Net Proceeds of any eminent domain award to the prepayment of the Lease Payments hereunder, in an amount to be agreed upon by the District and the Assignee such that the resulting Lease Payments represent fair consideration for the use and occupancy of the remaining usable portion of the Property.

Section 6.2. Application of Net Proceeds.

(a) *From Insurance Award.*

(i) Any Net Proceeds of insurance against damage to or destruction of any part of the Property collected by the District in the event of any such damage or destruction shall be deposited by the District promptly upon receipt thereof in a special fund with the Assignee designated as the “Insurance and Condemnation Fund.”

(ii) Within ninety (90) days following the date of such deposit, the District shall determine and notify the Corporation and the Assignee in writing of its determination either (A) that the replacement, repair, restoration, modification or improvement of the Property is not economically feasible or in the best interest of the District and the Net Proceeds, together with other moneys available therefor, are sufficient to cause the prepayment of the principal components of all unpaid Lease Payments pursuant to **Section 9.2**, or (B) that all or a portion of such Net Proceeds are to be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property and the fair rental value of the Property following such repair, restoration, replacement, modification or improvement will at least equal the unpaid principal component of the Lease Payments.

(iii) In the event the District’s determination is as set forth in clause (A) of subparagraph (ii) above, such Net Proceeds shall be promptly applied to the prepayment of the unpaid principal component of the Lease Payments and other amounts pursuant to **Section 9.2**; *provided, however*, that in the event of damage or destruction of the Property in full, such Net Proceeds may be so applied only if sufficient, together with other moneys available therefor, to cause the prepayment of the principal components of all unpaid Lease Payments, all accrued and unpaid interest, and all other costs related to such prepayments pursuant to **Section 9.2** and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property; *provided further, however*, that in the event of damage or destruction of the Property in part, such Net Proceeds may be applied to the prepayment of the unpaid principal component of the Lease Payments only if the resulting Lease Payments following such prepayment from Net Proceeds represent fair consideration for the remaining portions of the Property and otherwise such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the Property, evidenced by a certificate signed by a District Representative.

(iv) In the event the District’s determination is as set forth in clause (B) of subparagraph (ii) above, such Net Proceeds shall be applied to the prompt replacement, repair, restoration, modification or improvement of the damaged or destroyed portions of the Property by the District, and until the Property has been restored to its prior condition, the District shall not place any lien or encumbrance on the Property that is senior to this Lease Agreement without the prior written consent of the Assignee, at its sole discretion.

(b) *From Eminent Domain Award.* If all or any part of the Property shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain) the Net Proceeds therefrom shall be deposited by the District in the Insurance and Condemnation Fund and shall be applied and disbursed as follows:

(i) If the District has given written notice to the Corporation and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are not needed for repair or rehabilitation of the Property, the District shall so certify to the Corporation and the Assignee, and the District shall credit such proceeds towards the prepayment of the Lease Payments pursuant to **Section 9.2** of this Lease Agreement.

(ii) If the District has given written notice to the Corporation and the Assignee of its determination that (A) such eminent domain proceedings have not materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement, and (B) such proceeds are needed for repair, rehabilitation or replacement of the Property, the District shall so certify to the Corporation and the Assignee, and the District shall apply such amounts for such repair or rehabilitation.

(iii) If (A) less than all of the Property shall have been taken in such eminent domain proceedings or sold to a government threatening the use of eminent domain powers, and if the District has given written notice to the Corporation and the Assignee of its determination that such eminent domain proceedings have materially affected the operation of the Property or the ability of the District to meet any of its obligations with respect to the Property under this Lease Agreement or (B) all of the Property shall have been taken in such eminent domain proceedings, then the District shall credit such proceeds towards the prepayment of the Lease Payments pursuant to **Section 9.2** of this Lease Agreement.

(iv) In making any determination under this **Section 6.2(b)**, the District may, but shall not be required to, obtain at its expense, the report of an independent engineer or other independent professional consultant, a copy of which shall be filed with the Corporation and the Assignee. Any such determination by the District shall be final.

(c) *From Title Insurance.* The Net Proceeds from a title insurance award shall be deposited by the District in the Insurance and Condemnation Fund and credited towards the prepayment of Lease Payments required to be paid pursuant to **Section 9.2** of this Lease Agreement.

Section 6.3. Abatement of Lease Payments in the Event of Damage or Destruction. Lease Payments shall be abated during any period in which, by reason of damage or destruction, there is substantial interference with the use and occupancy by the District of the Property or any portion thereof to the extent to be agreed upon by the District and the Assignee. The parties agree that the amounts of the Lease Payments under such circumstances shall not be less than the amounts of the unpaid Lease Payments as are then set forth in **Exhibit B**, unless such unpaid amounts are determined to be greater than the fair rental value of the portions of the Property not damaged or destroyed, based upon an appropriate method of valuation, in which event the Lease Payments shall be abated such that they represent said fair rental value. Such abatement shall continue for the period commencing with such damage or destruction and ending with the substantial completion of the work of repair or reconstruction as evidenced by a Certificate of a District Representative to the Corporation and the Assignee. In the event of any such damage or destruction, this Lease Agreement shall continue in full force and effect and the District waives any right to terminate this Lease Agreement by virtue of any such damage and destruction. Notwithstanding the foregoing, there shall be no abatement of Lease Payments under this **Section 6.3** to the extent that (a) the proceeds of rental interruption insurance, or (b) amounts in the Insurance and Condemnation Fund are available to pay Lease Payments which would otherwise be abated under this **Section 6.3**, it being hereby declared that such proceeds and amounts constitute special funds for the payment of the Lease Payments.

ARTICLE VII OTHER COVENANTS OF THE DISTRICT

Section 7.1. Disclaimer of Warranties. THE CORPORATION MAKES NO AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OR FITNESS FOR THE USE CONTEMPLATED BY THE DISTRICT OF THE PROPERTY OR ANY PORTION THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT TO

THE PROPERTY OR ANY PORTION THEREOF. THE DISTRICT ACKNOWLEDGES THAT THE DISTRICT LEASES THE PROPERTY AS-IS, IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. In no event is the Corporation liable for incidental, indirect, special or consequential damages, in connection with or arising out of this Lease Agreement for the existence, furnishing, functioning or use of the Property by the District.

Section 7.2. Access to the Property; Grant and Conveyance of Right of Entry. The District agrees that the Corporation, and the Corporation's successors or assigns, has the right at all reasonable times, following at least 48 hours written notice provided to the District, to enter upon and to examine and inspect (to the extent permitted by law and public policy) the Property or any part thereof. The District further agrees that the Corporation, and the Corporation's successors or assigns shall have such rights of access to the Property or any component thereof, following at least 48 hours written notice provided to the District, as may be reasonably necessary to cause the proper maintenance of the Property if the District fails to perform its obligations hereunder. Neither the Corporation nor any of its assigns has any obligation to cause such proper maintenance.

Section 7.3. Release and Indemnification Covenants. The District hereby indemnifies the Corporation, the Assignee and their respective directors, officers, agents, employees, successors and assigns against all claims, losses and damages, including legal fees and expenses, arising out of (a) the use, maintenance, condition or management of, or from any work or thing done on the Property by the District or the District's employees, agents, contractors, invitees or licensees, (b) any breach or default on the part of the District in the performance of any of its obligations under this Lease Agreement, (c) any negligence or willful misconduct of the District or of any of its agents, contractors, servants, employees or licensees with respect to the Property, (d) any intentional misconduct or negligence of any sublessee of the District with respect to the Property, (e) the acquisition, construction, improvement and equipping of the Property, (f) the use, presence, storage, disposal or clean-up of any Hazardous Substances or toxic wastes from the Property, or (g) any claim alleging violation of any Applicable Environmental Laws, or the authorization of payment of the costs thereof. No indemnification is made under this **Section 7.3** or elsewhere in this Lease Agreement for willful misconduct or gross negligence under this Lease Agreement by the Corporation, the Assignee, or their respective officers, agents, employees, successors or assigns. The indemnification hereunder shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease Agreement or the termination of the Term of this Lease Agreement for any reason. The District and the Corporation each agree to promptly give notice to each other and the Assignee of any claim or liability hereby indemnified against following learning thereof.

Section 7.4. Assignment Agreement by the Corporation. The Corporation's rights, title and interests under this Lease Agreement, including the right to receive and enforce payment of the Lease Payments to be made by the District hereunder, have been assigned to the Assignee; provided that the Corporation's rights to indemnification and payment or reimbursement for any costs or expenses hereunder have been retained by the Corporation to the extent such rights accrue to the Corporation and shall have been assigned to the Assignee to the extent such rights accrue to the Assignee. The District hereby consents to such assignment. Whenever in this Lease Agreement any reference is made to the Corporation, such reference shall be deemed to refer to the Assignee (including its assignees).

The Assignee may make additional assignments of its rights, title and interests herein; provided such assignment is to (i) an "accredited investor" within the meaning of Regulation D promulgated under the Securities Act of 1933, or (ii) a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended, and is in compliance with all applicable securities laws, but no such assignment will be effective as against the District unless and until the Assignee has filed with the District at least five (5) Business Days' prior written notice thereof and an executed copy of an investor's letter addressed to the District and the Corporation substantially in the form of the letter

delivered by the Assignee on the Closing Date. The District shall pay all Lease Payments hereunder to the Assignee, as provided in **Section 4.3(i)**, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District. During the Term of this Lease Agreement, the District will keep a complete and accurate record of all such notices of assignment.

Section 7.5. Assignment Agreement and Subleasing by the District. This Lease Agreement may not be assigned, mortgaged, pledged or transferred by the District. The District may sublease the Property, or any portion thereof, with the prior written consent of the Assignee, at the Assignee's sole discretion, subject to all of the following conditions:

(a) This Lease Agreement and the obligation of the District to make Lease Payments hereunder shall remain obligations of the District, and any sublease shall be subject and subordinate to this Lease Agreement.

(b) The District shall, within 30 days after the delivery thereof, furnish or cause to be furnished to the Corporation and the Assignee a true and complete copy of such sublease.

(c) No such sublease by the District may cause the Property to be used for a purpose other than as may be authorized under the provisions of the laws of the State.

(d) A firm of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to Assignee shall furnish the Corporation and the Assignee with a written opinion stating that such sublease does not cause the interest components of the Lease Payments to become includable in gross income for purposes of federal income taxation or to become subject to personal income taxation by the State.

(e) Any such sublease shall be subject and subordinate in all respects to the Site Lease and this Lease Agreement.

Notwithstanding the foregoing, in connection with any sublease entered into for financing purposes, the principal component of the then remaining Lease Payments plus the principal component of the sublease payments shall not exceed the fair market value of the Property.

Section 7.6. Amendment of Lease Agreement. This Lease Agreement may be amended with the prior written consent of the District, the Corporation and the Assignee (at the Assignee's sole discretion) provided such amendment does not, in the Assignee's sole judgment, adversely affect the Assignee.

Section 7.7. Tax Covenants. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Lease Payments to become includable in gross income for federal income tax purposes. To that end, the District hereby makes the following specific covenants:

(a) The District hereby covenants that it shall not make or permit any use of the proceeds of this Lease Agreement that may cause this Lease Agreement to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(b) The District covenants that the proceeds of this Lease Agreement will not be used so as to cause the proceeds on this Lease Agreement to satisfy the private business tests of Section 141(b) of the Tax Code or the private loan financing test of Section 141(c) of the Tax Code.

(c) The District covenants not to take any action or permit or suffer any action to be taken if the result of the same would be to cause this Lease Agreement to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(d) The District shall comply with the instructions and requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full of the Lease Payments.

Section 7.8. Financial Statements; Budgets and Other Financial Information. Within three hundred sixty (360) days following the end of each Fiscal Year of the District during the Term of this Lease Agreement, the District will provide the Assignee with a copy of its audited financial statements for such Fiscal Year, which may be in electronic .PDF format. Such audited financial statements shall include the District’s audited financial statements, including such information as is required by applicable Government Accounting Standards Board pronouncements and applicable State law. In the event that the audited financial statements are not available within 360 days of the end of such Fiscal Year, the District will furnish unaudited financial statements to the Assignee within such period, and will then supply the audited financial statements to the Assignee immediately upon the availability thereof. Within thirty (30) days following the approval of the District’s budget, the District will provide the Assignee with a copy of said budget. The District hereby further agrees to provide the Assignee with such other information as may be reasonably requested by the Assignee. The electronic audited financial statements, budgets and other financial information may be sent to the following email address (or such other address as the Assignee supplies to the District in writing): PublicFinance@WebsterBank.com.

Section 7.9. Records and Accounts. The District covenants and agrees that it shall keep proper books of record and accounts of its operations, in which complete and correct entries shall be made of all transactions relating to the District. Said books and records shall at all reasonable times be subject to the inspection of the Assignee upon 72 hours’ prior notice.

Section 7.10. Observance of Laws and Regulations. The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District’s right to exist and carry on business as a community services district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 7.11. Notices. During the Term of this Lease Agreement, the District shall provide to the Assignee:

(a) immediate notice by telephone, promptly confirmed in writing, of any event, action or failure to take any action which constitutes an Event of Default under this Lease Agreement, together with a detailed statement by a District Representative of the steps being taken by the District to cure the effect of such Event of Default.

(b) within ten (10) days of knowledge by the District written notice of any Material Litigation or Material Adverse Effect, or any investigation, inquiry or similar proceeding by any Governmental Authority.

(c) with reasonable promptness, such other information respecting the District, and the operations, affairs and financial condition of the District as the Assignee may from time to time reasonably request.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

Section 8.1. Events of Default Defined. Any one or more of the following events constitutes an Event of Default hereunder:

(a) Failure by the District to pay any Lease Payment or other payment required to be paid hereunder at the time specified herein.

(b) Failure by the District to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, other than as referred to in the preceding clause (a) of this Section, for a period of 30 days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Assignee. However, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such 30-day period, the Corporation and the Assignee shall not unreasonably withhold their consent to an extension of such time (for a period not to exceed 60 days) if corrective action is instituted by the District within such 30-day period and diligently pursued until the default is corrected.

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

(d) Any statement, representation or warranty of a material nature made by the District in or pursuant to this Lease Agreement or its execution, delivery or performance shall have been false, incorrect, misleading or breached in any material respect on the date when made.

(e) Any default occurs under any other agreement for borrowing money, lease financing of property or otherwise receiving credit under which the District is an obligor, if such default arises under any other agreement for borrowing money, lease financing of property or provision of credit provided by the Assignee or any affiliate of the Assignee.

(f) Any default by the District to observe any material covenant, condition or agreement on its part to be observed or performed under the Site Lease.

(g) Any court of competent jurisdiction shall find or rule that the Site Lease or this Lease Agreement is not valid or binding against the District.

(h) Any Material Adverse Effect shall exist.

Section 8.2. Remedies on Default. Whenever any Event of Default has happened and is continuing, the Corporation may exercise any and all remedies available under law or granted under this Lease Agreement; provided, however, that notwithstanding anything herein to the contrary, there shall be no right under any circumstances to accelerate the Lease Payments or otherwise declare any Lease Payments not then in default to be immediately due and payable. Each and every covenant hereof to be

kept and performed by the District is expressly made a condition and upon the breach thereof the Corporation may exercise any and all rights granted hereunder; provided, that no termination of this Lease Agreement shall be effected either by operation of law or acts of the parties hereto, except only in the manner herein expressly provided. Upon the occurrence and during the continuance of any Event of Default, the Corporation may exercise any one or more of the following remedies:

(a) *Enforcement of Payments Without Termination.* If the Corporation does not elect to terminate this Lease Agreement in the manner hereinafter provided for in subparagraph (b) hereof, the District agrees to and shall remain liable for the payment of all Lease Payments and the performance of all conditions herein contained and shall reimburse the Corporation for any deficiency arising out of the re-leasing of the Property, or, if the Corporation is unable to re-lease the Property, then for the full amount of all Lease Payments to the end of the Term of this Lease Agreement, but said Lease Payments and/or deficiency shall be payable only at the same time and in the same manner as hereinabove provided for the payment of Lease Payments hereunder, notwithstanding such entry or re-entry by the Corporation or any suit in unlawful detainer, or otherwise, brought by the Corporation for the purpose of effecting such re-entry or obtaining possession of the Property or the exercise of any other remedy by the Corporation. The District hereby irrevocably appoints the Corporation as the agent and attorney-in-fact of the District to enter upon and re-lease the Property upon the occurrence and continuation of an Event of Default and to remove all personal property whatsoever situated upon the Property, to place such property in storage or other suitable place in Contra Costa County for the account of and at the expense of the District, and the District hereby exempts and agrees to hold harmless the Corporation from any costs, loss or damage whatsoever arising or occasioned by any such entry upon and re-leasing of the Property and the removal and storage of such property by the Corporation or its duly authorized agents in accordance with the provisions herein contained. The District agrees that the terms of this Lease Agreement constitute full and sufficient notice of the right of the Corporation to re-lease the Property in the event of such re-entry without effecting a surrender of this Lease Agreement, and further agrees that no acts of the Corporation in effecting such re-leasing shall constitute a surrender or termination of this Lease Agreement irrespective of the term for which such re-leasing is made or the terms and conditions of such re-leasing, or otherwise, but that, on the contrary, in the event of such default by the District the right to terminate this Lease Agreement shall vest in the Corporation to be effected in the sole and exclusive manner hereinafter provided for in subparagraph (b) hereof. The District agrees to surrender and quit possession of the Property upon demand of the Corporation for the purpose of enabling the Property to be re-let under this paragraph. Any rental obtained by the Corporation in excess of the sum of Lease Payments plus costs and expenses incurred by the Corporation for its services in re-leasing the Property shall be paid to the District.

(b) *Termination of Lease.* If an Event of Default occurs and is continuing hereunder, the Corporation at its option may terminate this Lease Agreement and re-lease all or any portion of the Property, subject to the Site Lease. If the Corporation terminates this Lease Agreement at its option and in the manner hereinafter provided due to a default by the District (and notwithstanding any re-entry upon the Property by the Corporation in any manner whatsoever or the re-leasing of the Property), the District nevertheless agrees to pay to the Corporation all costs, loss or damages howsoever arising or occurring payable at the same time and in the same manner as is herein provided in the case of payment of Lease Payments and Additional Payments. Any surplus received by the Corporation from such re-leasing shall be applied by the Corporation to Lease Payments due under this Lease Agreement. Neither notice to pay rent or to deliver up possession of the premises given under law nor any proceeding in unlawful detainer taken by the Corporation shall of itself operate to terminate this Lease Agreement, and no termination of this Lease Agreement on account of default by the District shall be or become effective by operation of law, or otherwise, unless and until the Corporation shall have given written notice to the District of the election on the part of the Corporation to terminate this Lease Agreement. The District covenants and agrees that no surrender of the Property, or of the remainder of the Term hereof or any termination of this

Lease Agreement shall be valid in any manner or for any purpose whatsoever unless stated or accepted by the Corporation by such written notice.

(c) *Proceedings at Law or In Equity.* If an Event of Default occurs and continues hereunder, the Corporation may take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due hereunder or to enforce any other of its rights hereunder.

(d) *Remedies under the Site Lease.* If an Event of Default occurs and continues hereunder, the Corporation may exercise its rights under the Site Lease.

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

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. If any party to this Lease Agreement defaults under any of the provisions hereof and the non-defaulting party should employ attorneys (including in-house legal counsel) or incur other expenses for the collection of moneys or the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay to the non-defaulting party the reasonable fees of such attorneys (including allocable costs and expenses of in-house legal counsel, if any) and such other expenses so incurred by the non-defaulting party.

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

Section 8.6. Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this **Article VIII** have been assigned by the Corporation to the Assignee, to which assignment the District hereby consents. Such rights and remedies shall be exercised solely by the Assignee.

ARTICLE IX PREPAYMENT OF LEASE PAYMENTS

Section 9.1. Optional Prepayment.

(a) The Lease Payments are subject to optional prepayment prior to maturity on any Lease Payment Date on and after April 1, 2028, in whole, but not in part at a prepayment price equal to the following prepayment prices plus accrued interest to the date fixed for redemption:

<u>Prepayment Dates</u> <u>(Both Dates Inclusive)</u>	<u>Prepayment Price</u>
April 1, 2028 through March 31, 2029	102%
April 1, 2029 through March 31, 2030	101%
April 1, 2030 and thereafter	100%

(b) In order to optionally prepay the Lease Payments in accordance with section (a) above, the District shall, at least thirty (30) days prior to the date for prepayment, notify the Assignee in writing of its intention to so prepay the Lease Payments.

Section 9.2. Mandatory Prepayment from Net Proceeds of Insurance or Eminent Domain. The District shall be obligated to prepay the unpaid principal components of the Lease Payments in whole or in part in such order of prepayment as shall be selected by the District on any date, together with any accrued and unpaid interest, a prepayment premium, if applicable, and any other costs related to such prepayment, from and to the extent of any proceeds of insurance award or condemnation award with respect to the Property to be used for such purpose under **Section 6.2**. The District and the Corporation hereby agree that such proceeds, to the extent remaining after payment of any delinquent Lease Payments, shall be credited towards the District's obligations under this **Section 9.2** and applied as set forth in **Section 4.3(c)**.

Section 9.3. Security Deposit. Notwithstanding any other provision of this Lease Agreement, the District may on any date secure the payment of the Lease Payments in whole or in part by depositing with the Corporation or a fiduciary reasonably satisfactory to the Corporation, in trust, an amount of cash, which shall be held in a segregated trust or escrow fund under a trust or escrow agreement that is in form and content acceptable to the Corporation, which cash so held is either (a) sufficient to pay such Lease Payments, including the principal and interest components thereof, in accordance with the Lease Payment schedule set forth in **Exhibit B**, or (b) invested in whole in non-callable Federal Securities maturing not later than the dates such funds will be required to make Lease Payments or any prepayment in an amount which is sufficient, in the opinion of an independent certified public accountant (which opinion must be in form and substance, and with such an accountant, acceptable to the Corporation and addressed and delivered to the Corporation), together with interest to accrue thereon and without reinvestment and together with any cash which is so deposited, to pay such Lease Payments when due under **Section 4.3(a)** or when due on any optional prepayment date under **Section 9.1**, as the District instructs at the time of said deposit; provided, however, that at or prior to the date on which any such security deposit is established, the District shall deliver to the Corporation an opinion of nationally recognized counsel in the area of tax exempt municipal obligations satisfactory to the Corporation (in form and substance acceptable to the Corporation) to the effect that any such security deposit will not adversely affect the excludability of the interest component of Lease Payments from gross income of the Assignee for federal income tax purposes. In the event of a security deposit under this Section with respect to all unpaid Lease Payments, (i) the Term of this Lease Agreement shall continue, (ii) all obligations of the District under this Lease Agreement, and all security provided by this Lease Agreement for said obligations, shall thereupon cease and terminate, excepting only (A) the obligation of the District to make, or cause to be made, all of the Lease Payments from such security deposit and, to the extent of any deficiency, as rent payable from other legally available funds of the District, and (B) the release and indemnification obligations of the District under **Section 7.3**, and (iii) under **Section 4.5**, the Corporation's leasehold interest in the Property will vest in the District on the date of said deposit automatically and without further action by the District or the Corporation. The District hereby grants a first priority security interest in and the lien on said security deposit and all proceeds thereof in favor of the Corporation. Said security deposit shall be deemed to be and shall constitute a special fund for the payment of Lease Payments in accordance with the provisions of this Lease Agreement and, notwithstanding anything to the contrary herein, Lease Payments therefrom shall not be subject to

abatement under **Section 6.3** to the extent payable from the funds held by the Corporation or the fiduciary as described in the first sentence of this **Section 9.3**.

ARTICLE X MISCELLANEOUS

Section 10.1. Notices. Any notice, request, complaint, demand or other communication under this Lease Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or by facsimile transmission or other form of telecommunication. Notice shall be effective either (a) upon transmission by facsimile transmission or other form of telecommunication, (b) 48 hours after deposit in the United States of America first class mail, postage prepaid, or (c) in the case of personal delivery to any person, upon actual receipt. The Corporation, the District and the Assignee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the District:	Contra Costa Mosquito and Vector Control District 155 Mason Circle Concord, CA 94520 Phone: (925) 771-6102 Attention: General Manager
---------------------	---

If to the Corporation:	Municipal Finance Corporation 2945 Townsgate Road, Suite 200 Westlake Village, CA 91361 Attention: President Phone: (805) 719-1236
------------------------	--

If to the Assignee:	Webster Bank, National Association 360 Lexington Avenue, 5 th Floor New York, NY 10017 Attention: Public Sector Finance (publicfinance@websterbank.com) Phone: (212) 847-7158
---------------------	--

Section 10.2. Binding Effect; Third Party Beneficiary. This Lease Agreement inures to the benefit of and is binding upon the Corporation, the District and their respective successors and assigns. The Assignee is hereby made a third party beneficiary hereunder with all rights of a third party beneficiary.

Section 10.3. Severability. If any provision of this Lease Agreement is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision hereof.

Section 10.4. Net-net-net Lease. This Lease Agreement is a “net-net-net lease” and the District hereby agrees that the Lease Payments are an absolute net return to the Corporation, free and clear of any expenses, charges or set-offs whatsoever.

Section 10.5. Further Assurances and Corrective Instruments. The Corporation and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for correcting any inadequate or incorrect description of the Property hereby leased or intended so to be or for carrying out the expressed intention of this Lease Agreement.

Section 10.6. Waiver of Personal Liability. No member, officer, agent or employee of the District or the Corporation shall be individually or personally liable for the payment of Lease Payments; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

Section 10.7. Execution in Counterparts. This Lease Agreement may be executed in several counterparts, each of which is an original and all of which constitutes one and the same instrument.

Section 10.8. Applicable Law. This Lease Agreement is governed by and construed in accordance with the laws of the State.

Section 10.9. Captions. The captions or headings in this Lease Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or section of this Lease Agreement.

Section 10.10. Waiver of Jury Trial; Agreement for Judicial Reference. To the fullest extent permitted by law, each of the District and the Corporation hereby waives its right to trial by jury in any action, proceeding and/or hearing on any matter whatsoever arising out of, or in any way connected with, this Agreement or any related documents, or the enforcement of any remedy under any law, statute, or regulation.

To the extent the foregoing waiver of a jury trial is unenforceable under applicable California law, each of the District and the Corporation agrees to refer, for a complete and final adjudication, any and all issues of fact or law involved in any litigation or proceeding (including all discovery and law and motion matters, pretrial motions, trial matter and post-trial motions up to and including final judgment), brought to resolve any dispute (whether based on contract, tort or otherwise) between the parties hereto arising out of, in connection with or otherwise related or incidental to this Agreement to a judicial referee who shall be appointed under a general reference pursuant to California Code of Civil Procedure Section 638, which referee's decision will stand as the decision of the court. Such judgment will be entered on the referee's statement of judgment in the same manner as if the action had been tried by the court. The parties shall select a single neutral referee, who shall be a retired state or federal judge with at least five years of judicial experience in civil matters; provided that the event the parties cannot agree upon a referee, the referee will be appointed by the court.

Section 10.11. Servicing; Appointment of Servicer. The Assignee may engage a servicer, and collaterally assign some or all of its rights under this Lease, to act on behalf of the Assignee under this Lease Agreement as the "Servicer". The Assignee may at any time and from time to time terminate or remove and replace any such Servicer. The Assignee shall give written notice to the District of its appointment, termination, removal or replacement of any Servicer, and the parties may rely on any such notice until any subsequent notice is given. The Assignee is under no obligation to appoint a Servicer; if at any time a Servicer has not been designated by the Assignee, any references to the "Servicer" herein shall refer to the Assignee. Any opinion or certificate provide for herein that is directed to the Servicer shall also be directed to, and may be relied upon by, the Assignee.

From and after the Closing Date, if the Assignee has appointed a Servicer for the Assignee under this Lease Agreement, the District acknowledges and agrees that the Servicer shall exercise all of the rights and remedies of the Assignee under this Lease Agreement, shall receive all reports, statements, notices and other communications from the District on behalf of the Assignee required to be delivered to the Assignee under this Lease Agreement and shall be entitled to all of the protections afforded the Assignee under this Lease Agreement.

The Assignee shall be solely responsible for providing the funding for the Site Lease Payment under this Lease Agreement, and does not operate, control or have possession of the Project or the Property, and has no control over the work performed by any vendor or contractor with respect to the Project. The Assignee has no obligation with respect to the acquisition installation or installation of the Project.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

MUNICIPAL FINANCE CORPORATION

By: _____
William A. Morton
President

**CONTRA COSTA MOSQUITO AND
VECTOR CONTROL DISTRICT**

By: _____
Paul Macedo, DVM, PhD
General Manager

EXHIBIT A

DESCRIPTION OF THE PROPERTY

The Property consists of the land described below located at 155 Mason Circle, Concord, California 94520, together with all buildings and improvements located thereon and all replacements, substitutions, repairs, restorations, modifications, attachments, accessions, additions and improvements thereof or thereto, and any and all insurance and/or proceeds thereof, described as follows:

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF CONCORD, COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

LOT 6, MAP OF SUBDIVISION 5994, FILED JANUARY 6, 1982, MAP BOOK 262, PAGE 8, CONTRA COSTA COUNTY RECORDS.

EXCEPTING THEREFROM: RIGHTS RESERVED IN THE DEED FROM MARSHALL MCKEAN, ET UX, TO MEMORY GARDENS OF CONTRA COSTA, INC., RECORDED SEPTEMBER 23, 1952, BOOK 1995, OFFICIAL RECORDS, PAGE 593, AS FOLLOWS:

"ALL OIL, GAS, CASINGHEAD GASOLINE, AND OTHER HYDROCARBON AND MINERAL SUBSTANCES IN ON AND UNDER SAID LAND, OR THAT MAY BE PRODUCED, RECONVEYED OR SAVED FROM SAID LAND WITH THE RIGHT TO ENTER ON SAID PROPERTY FOR THE PURPOSE OF EXPLORING, TAKING, REMOVING, DISPOSING, MINING AND OPERATING FOR OIL , GAS AND OTHER HYDROCARBON AND MINERAL SUBSTANCES, AND ALL RIGHTS REASONABLY INCIDENT TO SUCH PURPOSES".

THE RIGHTS OF ENTRY THEREUNDER WERE RESTRICTED TO CERTAIN LOCATIONS OF AGREEMENT TO RESTRICT ENTRY RIGHTS RECORDED OCTOBER 16, 1981, BOOK 10538, OFFICIAL RECORDS, PAGE 989, AND RERECORDED JANUARY 18, 1982, BOOK 10646, OFFICIAL RECORDS, PAGE 85.

Tax Account No(s): 159-070-019-9

EXHIBIT B

SCHEDULE OF LEASE PAYMENTS

<u>Due Date</u>	<u>Lease Payment</u>	<u>Principal</u>	<u>Interest</u>
10/01/2025	\$ 496,764.88	\$ 328,238.13	\$ 168,526.75
04/01/2026	496,764.88	335,109.80	161,655.08
10/01/2026	496,764.88	342,125.32	154,639.56
04/01/2027	496,764.89	349,287.72	147,477.17
10/01/2027	496,764.88	356,600.05	140,164.83
04/01/2028	496,764.89	364,065.48	132,699.41
10/01/2028	496,764.89	371,687.19	125,077.70
04/01/2029	496,764.88	379,468.46	117,296.42
10/01/2029	496,764.88	387,412.63	109,352.25
04/01/2030	496,764.88	395,523.11	101,241.77
10/01/2030	496,764.88	403,803.39	92,961.49
04/01/2031	496,764.88	412,257.01	84,507.87
10/01/2031	496,764.88	420,887.61	75,877.27
04/01/2032	496,764.89	429,698.90	67,065.99
10/01/2032	496,764.88	438,694.64	58,070.24
04/01/2033	496,764.89	447,878.72	48,886.17
10/01/2033	496,764.89	457,255.06	39,509.83
04/01/2034	496,764.88	466,827.69	29,937.19
10/01/2034	496,764.88	476,600.73	20,164.15
04/01/2035	496,764.88	486,578.36	10,186.52
Totals	\$9,935,297.66	\$8,050,000.00	\$1,885,297.66