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INSTALLMENT PURCHASE AGREEMENT

by and between

WOODLAND-DAVIS CLEAN WATER AGENCY, as Seller

and

CITY OF DAVIS, as Purchaser

Dated as of December 21, 2010

relating to  
Water Agreement by and among  
Woodland-Davis Clean Water Agency,  
Tri-City Water and Farm, LLC  
and Conaway Preservation Group, LLC

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## INSTALLMENT PURCHASE AGREEMENT

THIS INSTALLMENT PURCHASE AGREEMENT, made and entered into as of December 21, 2010 by and between THE CITY OF DAVIS (herein called "Davis"), a general law city duly existing under the laws of the State of California, and WOODLAND-DAVIS CLEAN WATER AGENCY (herein called the "Agency"), a joint powers authority:

### *WITNESSETH:*

In consideration of the mutual covenants hereinafter contained and for other valuable consideration, the parties hereto do agree as follows:

#### ARTICLE I

#### RECITALS

101. Status and Powers of the Agency. The Agency is a public agency, organized and existing pursuant to the Joint Exercise of Powers Law, commencing at Section 6500 of the California Government Code, and is authorized to obligate itself to provide public capital improvements, including the Project, defined herein, pursuant to a Water Agreement, dated for reference purposes December 21, 2010, by and among the Agency, Tri-City Water and Farm, LLC, a Delaware limited liability company and Conaway Preservation Group, LLC, a California limited liability company (the "Water Agreement") of which beneficial use shall be available to City together with the City of Woodland.

102. Status and Powers of Davis. Davis is a general law city organized and existing pursuant to the laws of the State of California.

103. Purpose of Installment Purchase Agreement. The Agency was created for the purpose of financing water intake, treatment and delivery for the benefit of the separate water enterprises of Davis and Woodland. Through the Agency, Davis and Woodland intend to share water rights, intake and treatment facilities and acquired improvements to their respective Enterprise with the assistance of the Agency (the "Water Project"). Pursuant to the Water Agreement, and upon approval and execution by all parties to the Water Agreement, the Agency will have agreed to acquire the Project, being certain interests in the Sacramento River Settlement Contract Base Supply and Appropriative Water Rights, as defined in the Water Agreement, and CPG will have agreed to sell such interests to the Agency for the beneficial use of the water enterprises of Davis and Woodland, respectively.

104. Water Revenue Fund. Davis has previously established a special fund designated as the Water Revenue Fund into which it deposits all Gross Revenues of the Enterprise.

105. Public Benefit. This Installment Purchase Agreement is for the benefit of the public and is in furtherance of the public purposes of Davis.

106. Acknowledgment of Assignment. The Agency and Davis acknowledge that the Agency, as of the date hereof, will be entering into the Water Agreement and that pursuant to said Water Agreement, and subject to approval and execution by all parties to the Water

Agreement, the Agency will be assigning and transferring to CPG all of its rights under this Installment Purchase Agreement, including, among others, its rights to exercise its remedies to enforce the receipt of such Installment Payments, as such rights and remedies are provided by this Installment Purchase Agreement, and that CPG constitutes the assignee of the Agency as referenced herein.

## ARTICLE II

### DEFINITIONS AND GENERAL PROVISIONS

201. Definitions in General. Unless the context otherwise requires, the terms defined in this Section 201 shall, for all purposes of this Installment Purchase Agreement, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

"Agency" means the Woodland-Davis Clean Water Agency, a joint powers authority duly organized and existing under the laws of the State, and doing business as the Woodland-Davis Clean Water Agency.

"Charges" means fees, tolls, assessments, rates and charges for services and facilities of the Enterprise furnished by Davis.

"Connection Fees" means any fee or fees collected by Davis from property owners as a condition to Davis providing water service from the Enterprise to residential, commercial, or industrial property.

"CPG" means Conaway Preservation Group, LLC, a California limited liability company.

"Date of Delivery" means the date on which this Installment Purchase Agreement is delivered.

"Davis" means the City of Davis.

"Enterprise" means the entire water supply, treatment, storage and distribution system owned, controlled or operated by Davis, including but not limited to all facilities, properties and improvements at any time owned or operated by Davis for the collection, treatment, and supply of water to residents served thereby, whether within or without Davis, and any necessary lands, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto hereafter acquired, constructed, or installed by Davis. The Enterprise shall not include the systems for reclaimed and recycled water.

"Fiscal Year" means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by Davis as its official fiscal year period.

"Gross Revenues" means all gross Charges received for, and all other gross income and receipts derived by Davis from, the ownership and operation of the Enterprise or otherwise arising from the Enterprise, including but not limited to (a) all charges received by Davis for use

of the Enterprise, (b) all receipts, derived from the investment funds held by Davis with respect to the Enterprise, (c) transfers from (but exclusive of any transfers to) any stabilization reserve accounts, and (d) all moneys received by Davis from other public entities whose inhabitants are served pursuant to contracts with Davis.

"Installment Payment Dates" means the January 1 of each calendar year or if such date is not a Business Day, the preceding Business Day.

"Installment Payments" means the payments required to be paid by Davis pursuant to Section 303 of this Installment Purchase Agreement, including all prepayments thereof.

"Installment Purchase Agreement" means this Installment Purchase Agreement.

"Joint Powers Agreement" means that certain Davis-Woodland Water Supply Authority Joint Powers Agreement, dated as of September 15, 2009, by and between Davis and Woodland creating the Agency, together with any amendments thereof and supplements thereto.

"Maintenance and Operation Expenses" means the reasonable and necessary costs spent or incurred by Davis for maintaining and operating the Enterprise, calculated in accordance with sound accounting principles, including the cost of supply of water, gas and electric energy under contracts or otherwise, the funding of reasonable reserves, and all reasonable and necessary expenses of management and repair and other expenses to maintain and preserve the Enterprise in good repair and working order, and including all reasonable and necessary administrative costs of Davis attributable to the Enterprise, such as salaries and wages and the necessary contribution to retirement of employees, overhead, insurance, taxes (if any), expenses, compensation and indemnification of the Trustee, and fees of auditors, accountants, attorneys or engineers, and including all other reasonable and necessary costs of Davis or charges required to be paid by it to comply with the terms of Senior Obligations of Davis, but excluding depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

"Maximum Annual Debt Service" means, as of the date of any calculation and with respect to the Installment Payments or any Senior Obligations, as the case may be, the maximum sum obtained for the current or any future Fiscal Year, or other 12 month period, as applicable, during the Term of this Installment Purchase Agreement by totaling the following amount for such Fiscal, or other 12 month period, as applicable:

(a) the aggregate amount of the Installment Payments coming due and payable in such Fiscal Year pursuant hereto, except to the extent payable from a prepayment pursuant to Section 309;

(b) the principal amount of all outstanding Senior Obligations, if any, coming due and payable by their terms in such Fiscal Year; and

(c) the amount of interest which would be due during such Fiscal Year on the aggregate principal amount of all outstanding Senior Obligations, if any, which would be outstanding in such Fiscal Year if such Senior Obligations are retired as scheduled; *provided, however*, that with respect to any Senior Obligations which bear interest at a variable rate, such

interest shall be assumed to bear interest at the highest of: (i) the actual rate on the date of calculation, or if the indebtedness is not yet outstanding, the initial rate (if established and binding); (ii) if the indebtedness has been outstanding for at least twelve months, the average rate over the twelve months immediately preceding the date of calculation; and (iii) (A) if interest on the indebtedness is excludable from gross income under the applicable provisions of the Code, the most recently published Bond Buyer "Revenue Bond Index" (or comparable index if no longer published) plus 50 basis points, or (B) if interest is not so excludable, the interest rate on direct U.S. Treasury Obligations with comparable maturities plus 50 base points, provided, however, that for purposes of any rate covenant measuring actual debt service coverage during a test period, variable rate indebtedness shall be deemed to bear interest at the actual rate per annum applicable during the test period.

"Net Revenues" means for any period, the Gross Revenues for such period less the Maintenance and Operation Expenses and less debt service on Senior Obligations for such period.

"Project" means the interests in the Sacramento River Settlement Contract Base Supply and Appropriative Water Rights that the Agency will receive under the Water Agreement.

"Promissory Note for Davis Share" means the promissory note described and as shown in Appendix B of the Water Agreement.

"Promissory Note for Woodland Share" means the promissory note described and as shown in Appendix C of the Water Agreement.

"Promissory Notes" means collectively the Promissory Note for Davis Share and the Promissory Note for Woodland Share.

"Senior Obligations" means loans from the State Revolving Fund, I-Bank Loans, bonds, notes or other evidences of indebtedness of the Enterprise, whether now existing or yet to be entered into or issued, provided that the provisions of Sections 306 and 307 are complied with.

"State" means the State of California.

"Water Agreement" means the Water Agreement, dated for reference purposes December 21, 2010, by and among the Agency, CPG and Tri-City Water and Farm, LLC.

"Water Revenue Fund" means the fund by that name established by Davis into which all Gross Revenues are deposited.

"Woodland" means the City of Woodland.

202. Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Installment Purchase Agreement, refer to this Installment Purchase Agreement.

### ARTICLE III

#### SALE OF PROJECT; PURCHASE PRICE

301. Sale of Beneficial Use; Term.

(a) Sale of Beneficial Use. In consideration of the payment, or the causing of the payment, of Installment Payments and any other amounts due and owing hereunder or under the Water Agreement provided for in Section 303 hereof by Davis to the Agency or its assignee, the Agency hereby grants, conveys, bargains and sells to Davis, effective upon the date hereof, 46.1% of the beneficial use of the Project as acquired by Agency under the Water Agreement, upon the terms and conditions set forth in this Installment Purchase Agreement and Davis hereby accepts said grant, conveyance, bargain and sale upon said terms and conditions.

(b) Term of Agreement. The term of this Installment Purchase Agreement shall commence upon the delivery of the Promissory Note for Davis Share to CPG pursuant to the Water Agreement and shall terminate upon the occurrence of payment in full of the Installment Payments and any other amounts due and owing hereunder or under the Water Agreement by Davis pursuant to the provisions of this Installment Purchase Agreement.

302. Title. From and after the Date of Delivery, title to the water rights, and each and every portion thereof, shall vest in Agency and Davis and Woodland shall have beneficial use in such water rights; provided, however, that available beneficial use of such rights remaining in Davis and Woodland in their respective percentages shall be subject to the subsequent payment of Installment Payments as described in Section 303 hereof, to the remedies of the Agency and its assignee in the event of default as provided in Article V hereof.

303. Installment Payments.

(a) Obligation to Pay. Davis agrees to pay to the Agency, its successors and assigns, the Installment Payments, but solely from the Net Revenues and other funds pledged hereunder as the Purchase Price of its right for beneficial use of the Project on the Installment Payment Date in the annual amounts in Exhibit A. Installment Payments represent the principal portion of \$18,587,479.55, plus interest accruing from July 1, 2015, at a rate of six percent (6.0%) per annum. Such interest being calculated on the basis of a 360 day year consisting of twelve 30-day months.

(b) Effect of Prepayment. In the event that Davis prepays all remaining Installment Payments in full pursuant to Section 309, Davis' obligations under this Installment Purchase Agreement shall thereupon cease and terminate, including but not limited to Davis' obligation to pay Installment Payments therefor under this Section 303.

(c) Rate on Overdue Payments. In the event Davis should fail to make any of the payments required in this Section 303, the payment in default shall continue as an obligation of Davis until the amount in default shall have been fully paid, and Davis agrees to pay the same

with interest thereon, from 30 days after the date of default to the date of payment, at the rate of eight percent (8%) per annum.

(d) Assignment. Davis understands and agrees that the right to receive the Installment Payments will be assigned by the Agency to CPG, pursuant to the Water Agreement, and Davis hereby consents to such assignment.

304. Pledge and Application of Net Revenues.

(a) Pledge of Net Revenues. The Installment Payments shall be secured by a pledge of all of the Net Revenues. Such pledge shall constitute a lien on the Net Revenues and such other moneys for the payment of the principal of and with interest and premium (if any) on the Installment Payments in accordance with the terms hereof. So long as any of the Installment Payments and any Senior Obligations are outstanding, the Net Revenues and such moneys shall not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 304(b) and (c).

(b) Deposits Into Water Revenue Fund; Transfer to Make Installment Payments. All of the Gross Revenues shall be deposited by Davis immediately upon receipt in the Water Revenue Fund. Davis covenants and agrees that all Net Revenues will be held by Davis in the Water Revenue Fund for the benefit of CPG (as assignee of the rights of the Agency hereunder). On or before each Installment Payment Date, Davis shall withdraw from the Water Revenue Fund and transfer to Agency an amount which (other than amounts resulting from the prepayment of the Installment Payments pursuant to Section 309), is equal to the aggregate amount of the Installment Payment coming due and payable on the next succeeding Interest Payment Date.

In addition, Davis shall withdraw from the Water Revenue Fund such amounts at such times as shall be required to: (i) pay all Maintenance and Operation Expenses as they come due and payable; (ii) pay the principal of and interest on any Senior Obligations and otherwise comply with the provisions of the instruments authorizing the issuance of any Senior Obligations; and (iii) pay all other amounts when and as due and payable hereunder.

(c) Other Uses of Net Revenues Permitted. Davis shall manage, conserve and apply the Net Revenues on deposits in the Water Revenue Fund in such a manner that all deposits required to be made pursuant to the preceding subsection (b) will be made at the times and in the amounts so required. Subject to the foregoing sentence, so long as no Event of Default shall have occurred and be continuing hereunder, Davis may use and apply moneys in the Water Revenue Fund for (i) the payment of additional expenses of the Enterprise; (ii) the payment of any subordinate obligations or any unsecured obligations; (iii) the acquisition and construction of extensions and betterments to the Enterprise; (iv) the prepayment of any obligations of Davis relating to the Enterprise; or (v) any other lawful purposes of Davis.

(d) Budget and Appropriation of Installment Payments. During the term of this Installment Purchase Agreement, Davis shall adopt and make all necessary budgets and appropriations of the Installment Payments from the Net Revenues. In the event any Installment Payment requires the adoption by Davis of any supplemental budget or appropriation, Davis

shall promptly adopt the same. The covenants on the part of Davis contained in this subsection (d) shall be deemed to be and shall be construed to be duties imposed by law and it shall be the duty of each and every public official of Davis 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 Davis to carry out and perform the covenants and agreements in this subsection (d).

305. Special Obligation of Davis; Obligations Absolute. Davis' obligation to pay the Installment Payments and any other amounts coming due and payable hereunder shall be a special obligation of Davis limited solely to the Net Revenues. Under no circumstances shall Davis be required to advance moneys derived from any source of income other than the Net Revenues and other sources specifically identified herein for the payment of the Installment Payments, nor shall any other funds or property of Davis be liable for the payment of the Installment Payments and any other amounts coming due and payable hereunder. Davis shall not be liable for any payment due to the Agency or its assignee under the installment purchase agreement entered into between Woodland and the Agency.

The obligations of Davis to make the Installment Payments from the Net Revenues and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of Davis, the Agency or Woodland or otherwise with respect to the Enterprise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to Davis by the Agency. Until such time as all of the Installment Payments due and payable hereunder shall have been fully paid or prepaid, Davis (i) will not suspend or discontinue payment of any Installment Payments; (ii) will perform and observe all other agreements contained in this Installment Purchase Agreement; and (iii) will not terminate the term of this Installment Purchase Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or destruction of or damage to the Enterprise, sale of the Enterprise, the taking by eminent domain of title to or temporary use of any component of the Enterprise, commercial frustration of purpose, any change in the tax law or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Agency to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Installment Purchase Agreement.

Nothing contained in this Section 305 shall be construed to release the Agency and CPG from the performance of any of the agreements on its part contained herein or in the Water Agreement, and in the event the Agency or CPG shall fail to perform any such agreements, Davis may institute such action against the Agency or CPG as Davis may deem necessary to compel performance so long as such action does not abrogate the obligations of Davis contained in the preceding paragraph. Davis may, however, at Davis' own cost and expense and in Davis' own name or in the name of the Agency prosecute or defend any action or proceeding or take any other action involving third persons which Davis deems reasonably necessary in order to secure or protect Davis' rights hereunder, and in such event the Agency hereby agrees to cooperate fully with Davis and to take such action necessary to effect the substitution of Davis for the Agency in such action or proceeding if Davis shall so request.



306. Rates and Charges.

(a) Covenant to Fix Rates and Charges. Subject to the provisions of Article XIII(d) of the Constitution of the State of California, Davis shall fix, prescribe, revise and collect charges for the services and facilities furnished by the Enterprise during each Fiscal Year, which are at least sufficient, after making allowance for contingencies and error in the estimates, to pay the following amounts in the following order:

(i) all Maintenance and Operation Expenses estimated by Davis to become due and payable in such Fiscal Year;

(ii) principal of and interest on any Senior Obligations as they become due and payable during such Fiscal Year;

(iii) all other payments required for compliance with the instruments pursuant to which any Senior Obligations relating to the Enterprise shall have been issued;

(iv) all amounts, if any, required to restore the balance in any Reserve Account to the Reserve Requirement for such Senior Obligations;

(v) the Installment Payments and other amounts required for compliance with this Agreement; and

(vi) all additional payments and other payments required to meet any other obligations of Davis which are charges, liens, encumbrances upon, or which are otherwise payable from, Gross Revenues or Net Revenues during such Fiscal Year.

(b) Covenant Regarding Net Revenues. In addition, Davis shall fix, prescribe, revise and collect Charges for the services and facilities furnished by the Enterprise during each Fiscal year which are sufficient to yield Net Revenues, including revenues received by Davis from Connection Fees, which, are at least equal to one hundred percent (100%) of the aggregate amount described in the preceding clause (a)(v) of this Section.

307. Issuance of Senior Obligations. Davis shall have the right from time to time to issue Senior Obligations, upon such terms and conditions as Davis shall deem advisable, but only upon compliance with the following conditions which are hereby made conditions precedent to the issuance of Senior Obligations:

(a) No event of Default shall have occurred and be continuing under this Installment Purchase Agreement or any instrument relating to Senior Obligations.

(b) The Net Revenues, calculated in accordance with generally accepted accounting principles, as shown by the books of Davis for the most recent twelve (12) month period selected by Davis ending not more than sixty (60) days prior to the adoption of the Senior Obligations Instrument, pursuant to which such Senior Obligations are issued, as shown by the books of Davis, plus, at the option of Davis, any or all of the items hereinafter in this paragraph designated (i) and (ii), shall at least equal One Hundred percent (100%) of Maximum Annual Debt Service, with Maximum Annual Debt Service calculated on all Senior Obligations and the Installment

Payments which have a lien on Net Revenues. The items any or all of which may be added to such Net Revenues for the purpose of issuing or incurring Senior Obligations:

(i) An allowance for Net Revenues from any additions to or improvements or extensions of the Enterprise to be made with the proceeds of such Senior Obligations, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in service, all in an amount equal to ninety percent (90%) of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first thirty-six (36) month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an Independent Consultant engaged by Davis; and

(ii) An allowance for earnings arising from any increase in the Charges which have been adopted prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such twelve (12) month period, were not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in Charges had been in effect during the whole of such Fiscal Year or such twelve (12) month period, all as shown in the written report of an Independent Consultant engaged by Davis.

(c) The Senior Obligations Instrument providing for the issuance of such Senior Obligations under this provision shall provide that the proceeds of such Senior Obligations shall be applied to the acquisition, construction, improvement, financing or refinancing of additional facilities, improvements or extensions of existing facilities within the Enterprise, or otherwise for facilities, improvements or property which Davis determines are of benefit to the Enterprise, or for the purpose of refunding any other Senior Obligations in whole, including all costs (including costs of issuing such Senior Obligations and including capitalized interest on such Senior Obligations during any period which Davis deems necessary or advisable) relating thereto;

(d) Subordinate Obligations. Nothing in the Installment Purchase Agreement shall prohibit or impair the authority of Davis to issue bonds or other obligations secured by a lien on Net Revenues which is subordinate to the lien established under the Installment Purchase Agreement, upon such terms and in such principal amounts as Davis may determine; provided, that Davis may issue or incur any such Subordinate Obligations.

308. Additional Payments. In addition to the Installment Payments, Davis shall pay when due its pro-rata portion of all costs and expenses incurred by the Agency to comply with the provisions of the Water Agreement, and its pro-rata portion of all related costs and expenses of attorneys, auditors, engineers and accountants.

309. Notice Upon Transfer of Rights; Prepayment. (a) CPG shall provide written notice to Agency and Davis of its intent to monetize payments to be received pursuant to the Water Agreement and the Promissory Note for Davis Share.

In the event that Davis has an interest in issuing bonds, notes, certificates of participation or other obligations in order to prepay and defease installment payments hereunder, then Davis shall provide written notice to CPG within 30-days of its receipt of notice from CPG, and shall negotiate the terms and timing of such prepayment to CPG within 90-days of CPG's original notice. CPG shall have the right to either accept or reject the terms of Davis' prepayment proposal in CPG's sole and absolute discretion. If CPG and Davis do not agree to terms of prepayment, or Davis shall fail to provide notice of its interest to prepay within the 30-days of receipt of its notice from CPG, then CPG shall be free to proceed to monetize the Installment Payments from Davis as it sees fit without need of further review or approval by Davis.

Notwithstanding any monetization of the Promissory Note for Davis Share, should Davis not prepay and defease its obligations through the process described above, Davis shall still retain the right to prepay its obligations in the future, subject to 30-days notice from Davis to CPG and Agency of its intent to do so. The amount of this prepayment shall be at a prepayment price equal to the present value of all remaining scheduled payments of principal and interest, discounted at an interest rate equal to the Bond Buyer Revenue Bond Index ("the Index") (or comparable index if no longer published) most recently published at the time of prepayment, or such other mutually agreed upon amount, provided that if CPG notifies Davis or Agency that CPG has sold all of its interest in the Promissory Note for Davis Share prior to prepayment, and the Index most recently published prior to the date of such sale is lower than the Index most recently published prior at the time of prepayment, then the discount rate used to calculate the prepayment price shall be equal to the Index most recently published prior to the date of such sale.

Prepayment shall relieve and defease Davis' obligation to make further Installment Payments hereunder.

(b) Additional Documents. If requested by CPG and Agency, Davis will execute and deliver such additional documents as Agency and CPG reasonably request in order for the Promissory Note for Davis Share to be treated as tax-exempt securities and sold in one or more public offerings, including Internal Revenue Service Form 8038-G, disclosure documents and a continuing disclosure agreement required by Securities and Exchange Commission Rule 15c2-12, and customary covenants and representations to establish that interest on the Promissory Note for Davis Share will be and remain tax-exempt for federal income tax purposes.

#### ARTICLE IV

##### EVENTS OF DEFAULT AND REMEDIES

401. Events of Default Defined. The following shall be "Events of Default" under this Installment Purchase Agreement and the terms "Event of Default" and "default" shall mean, whenever they are used in this Installment Purchase Agreement, any one or more of the following events, namely:

(a) failure by Davis to pay any Installment Payment or other payment required to be paid hereunder at the time specified herein, for a period of thirty (30) days after receipt of notice of non-payment delivered by the Agency;

(b) failure by Davis to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in clause (a) of this Section, for a period of sixty (60) days after written notice specifying such failure and requesting that it be remedied has been given to Davis by the Agency or its assignee; provided, however, that the Agency or its assignee may, upon written request of Davis prior to the expiration of such sixty (60) day period, consent to an extension of such time in order to cure such failure if corrective action has been instituted by Davis and is being diligently pursued and will, in the judgment of the Agency or its assignee, be diligently pursued until the default is corrected;

(c) Davis shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or shall consent to an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of Davis for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of any of the foregoing; or

Any default by Davis hereunder shall not cause a default under the installment purchase agreement between the Agency and the City of Woodland.

402. Remedies on Default. Whenever any Event of Default shall have happened and be continuing the Agency or its assignee shall be entitled to proceed to protect and enforce the rights vested in the Agency by this Installment Purchase Agreement by such appropriate judicial proceeding as the Agency or its assignee shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law. The provisions of this Installment Purchase Agreement and the duties of Davis and of the officers, agents and employees thereof shall be enforceable by the Agency by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Without limiting the generality of the foregoing, the Agency and its assignee shall have the right:

(i) Accounting. By action or suit in equity to require Davis and its officers, agents and employees to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Agency or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or equity to enforce its or their rights against Davis and its and any of its officers, agents, and employees, and to compel it or them to perform and carry out its and their duties and obligations under the law and its and their covenants and agreements with Davis as provided herein.

Each and all of the remedies given to the Agency or its assignee or by any law now or hereafter enacted are cumulative and the exercise of one right or remedy and shall not impair the right of the Agency or its assignee to exercise any or all other remedies; provided, however, that

the Agency, or its assignee, shall have no right to accelerate the Installment Payments due hereunder.

403. Non-Waiver. Nothing in this Article IV or in any other provision of this Installment Purchase Agreement shall affect or impair the obligation of Davis, which is to pay the Installment Payments, as herein provided. No delay or omission of the Agency or its assignee to exercise any right or power arising upon the happening of any event of default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or any acquiescence therein, and every power and remedy given by this Article IV to the Agency and its assignee may be exercised from time to time and as often as shall be deemed expedient by the Agency or its assignee.

404. Remedies Not Exclusive. No remedy herein or by law conferred upon or reserved to the Agency or its assignee is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy, and every remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise may be exercised without exhausting and without regard to any other remedy conferred hereby or by any law.

405. Status Quo. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to the Agency and its assignee, then, and in every such case, the Agency and its assignee shall be restored to their former positions and rights and remedies as if no such suit, action or proceedings had been brought or taken.

## ARTICLE V

### ADMINISTRATIVE PROVISIONS

501. Preservation and Inspection of Documents. Documents received by the Agency or its assignee or Davis under the provisions of this Installment Purchase Agreement shall be retained in their respective possessions and shall be subject at all reasonable times to the inspection of the other party hereto and its assigns, agents and representatives, any of whom may make copies thereof.

502. Parties of Interest. Nothing in this Installment Purchase Agreement, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Agency, its assignee, and Davis any rights, remedies or claims under or by reason of this Installment Purchase Agreement or any covenants, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Installment Purchase Agreement made by or on behalf of the Agency or its assignee or Davis shall be for the sole and exclusive benefit of the Agency, its assignee and Davis.

503. No Recourse Under Agreement. All covenants, stipulations, promises, agreements and obligations of the parties hereto contained in this Installment Purchase Agreement shall be deemed to be the covenants, stipulations, promises, agreements and obligations of the parties hereto, respectively, and not of any member, officer, employee or agent of the parties hereto in an individual capacity, and no recourse shall be had for the payment of the Installment Payments

or for any claim based thereon or under this Installment Purchase Agreement against any member, officer, employee or agent of the parties hereto.

504. Notices. All notices or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or deposited in the United States mail in certified form with postage fully prepaid addressed as follows:

If to the Agency: Woodland-Davis Clean Water Agency  
23 Russell Boulevard  
Davis, CA 95616  
Attention: General Manager  
Telephone: (530) 747-8299

With a Copy to: Bartkiewicz, Kronick & Shanahan  
1011 22nd Street  
Sacramento, CA 95816-4907  
Attention: Richard Shanahan, Esq.  
Telephone: (916) 446-4254  
Facsimile: (916) 446-4018

If to Assignee: Conaway Preservation Group, LLC  
45332 County Road 25  
Woodland, CA 95776  
Attention: Steven Gidaro  
Telephone: (530) 662-6200

With a Copy to: Conaway Preservation Group, LLC  
7700 College Town Drive, Suite 101  
Sacramento, CA 95826  
Attention: Kyriakos Tsakopoulos  
Telephone: (916) 383-2500  
Facsimile: (916) 383-0552

With a Copy to: Boutin Jones Inc.  
555 Capitol Mall, Suite 1500  
Sacramento, CA 95814  
Attention: Jeff Jones, Esq.  
Telephone: (916) 321-4444  
Facsimile: (916) 441-7597

If to Davis: City of Davis  
23 Russell Boulevard  
Davis, CA 95616  
Attention: City Manager  
Telephone: (530) 757-5602  
Facsimile: (530) 757-5603

With a Copy to: Best Best & Krieger LLP  
500 Capitol Mall, Suite 1650  
Sacramento, CA 95814  
Attention: Harriet Steiner, Esq.  
Telephone: (916) 325-4000  
Facsimile: (916) 325-4010

The parties hereto, by notice given hereunder, may, respectively designate different addresses to which subsequent notices, certificates or other communications will be sent.

505. Binding Effect. This Installment Purchase Agreement shall inure to the benefit of and shall be binding upon the Agency, its assignee, Davis and their respective successors and assigns.

506. Severability. If any one or more of the covenants, stipulations, promises, agreements or obligations provided in this Installment Purchase Agreement on the part of the Agency or Davis to be performed should be determined by a court of competent jurisdiction to be contrary to law, then such covenant, stipulation, promise, agreement or obligation shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations herein contained and shall in no way affect the validity of the other provisions of this Installment Purchase Agreement.

507. Headings. Any headings preceding the text of the several Articles and Sections hereof, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience or reference and shall not constitute a part of this Installment Purchase Agreement, nor shall they affect its meaning, construction or effect.

508. Applicable Law. This Installment Purchase Agreement shall be governed by and construed in accordance with the laws of the State of California.

509. Agency and Davis Representatives. Whenever under the provisions of this Installment Purchase Agreement the approval of the Agency or its assignee or Davis is required, or the Agency or its assignee or Davis are required to take some action at the request of the other, such approval of such request may be given for the Agency by an Authorized Representative of the Agency, for assignees of the Agency by an authorized representative thereof, and for Davis by an Authorized Representative of Davis, and any party hereto shall be authorized to rely upon any such approval or request.

510. Amendment. This Installment Purchase Agreement may be amended in writing by agreement of Davis and the Agency, for the purpose of (a) curing any ambiguity or of curing,

correcting, or supplementing any defective provision contained herein, or (b) in regard to questions arising under this Installment Purchase Agreement which Davis may deem desirable and not inconsistent with the provisions of this Installment Purchase Agreement, provided that no such amendment pursuant to (a) or (b) of this Section 510 shall materially adversely affect the interests of CPG without its written consent.

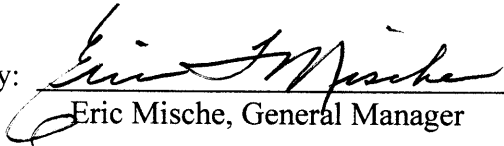
511. Counterpart. This Installment Purchase Agreement may be executed in counterpart.

[Remainder of this page intentionally left blank.]



IN WITNESS WHEREOF, the parties hereto have caused this Installment Purchase Agreement to be executed by their duly authorized officers as of the date first above written.

WOODLAND-DAVIS CLEAN WATER  
AGENCY, as Seller

By:   
Eric Mische, General Manager

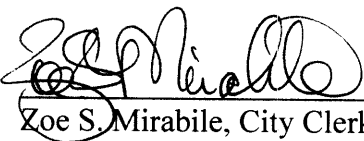
ATTEST:

  
Lynanne Mehlhaff, Secretary

CITY OF DAVIS,  
as Purchaser

By:   
Don Saylor, Mayor

ATTEST:

  
Zoe S. Mirabile, City Clerk

## EXHIBIT "A"

### Schedule of Installment Payments

<u>Period</u> <u>Ending</u>	<u>Principal</u>	<u>Coupon</u>	<u>Interest</u>	<u>Installment</u> <u>Payments</u>
07/01/2015				
01/01/2016	\$640,975.61	6.000%	\$557,624.39	\$1,198,600.00
01/01/2017	145,781.76	6.000%	1,076,790.24	1,222,572.00
01/01/2018	178,980.11	6.000%	1,068,043.33	1,247,023.44
01/01/2019	214,659.39	6.000%	1,057,304.52	1,271,963.91
01/01/2020	252,978.23	6.000%	1,044,424.96	1,297,403.19
01/01/2021	294,104.98	6.000%	1,029,246.27	1,323,351.25
01/01/2022	338,218.31	6.000%	1,011,599.97	1,349,818.28
01/01/2023	385,507.77	6.000%	991,306.87	1,376,814.64
01/01/2024	436,174.53	6.000%	968,176.40	1,404,350.93
01/01/2025	490,432.02	6.000%	942,005.93	1,432,437.95
01/01/2026	548,506.70	6.000%	912,580.01	1,461,086.71
01/01/2027	610,638.84	6.000%	879,669.61	1,490,308.45
01/01/2028	677,083.33	6.000%	843,031.28	1,520,114.61
01/01/2029	748,110.62	6.000%	802,406.28	1,550,516.90
01/01/2030	824,007.60	6.000%	757,519.64	1,581,527.24
01/01/2031	905,078.61	6.000%	708,079.18	1,613,157.79
01/01/2032	991,646.48	6.000%	653,774.46	1,645,420.94
01/01/2033	1,084,053.69	6.000%	594,275.67	1,678,329.36
01/01/2034	1,182,663.50	6.000%	529,232.45	1,711,895.95
01/01/2035	1,287,861.22	6.000%	458,272.64	1,746,133.86
01/01/2036	1,400,055.57	6.000%	381,000.97	1,781,056.54
01/01/2037	1,519,680.03	6.000%	296,997.64	1,816,677.67
01/01/2038	1,647,194.38	6.000%	205,816.84	1,853,011.22
01/01/2039	<u>1,783,086.27</u>	<u>6.000%</u>	<u>106,985.18</u>	<u>1,890,071.45</u>
	\$18,587,479.55		\$17,876,164.73	\$36,463,644.28

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