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**AGENDA**  
**WALNUT ENERGY CENTER AUTHORITY**

**TURLOCK IRRIGATION DISTRICT**  
**333 EAST CANAL DRIVE**  
**BOARD ROOM, MAIN OFFICE BUILDING**  
**TURLOCK, CALIFORNIA**

[Click here to view the livestream of the meeting](#)

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| <p>ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE<br/>UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.<br/>APPROPRIATE INTERPRETIVE SERVICES FOR THIS MEETING WILL BE<br/>PROVIDED IF FEASIBLE UPON ADVANCE REQUEST TO<br/>QUALIFIED INDIVIDUALS WITH DISABILITIES.</p> |
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**REGULAR MEETING**  
**TUESDAY, JULY 22, 2025**  
**9:00 A.M.**

**A. CALL TO ORDER**

**B. CONSENT CALENDAR**

All matters listed hereunder will be acted upon by a single vote of the Authority. There will be no individual discussion of these items unless a member of the Authority or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate agenda item.

- 1. Motion to approve minutes of the regular meeting of November 26, 2024.**

**C. PUBLIC COMMENT PERIOD (5-minutes per speaker)**

Interested persons in the audience are welcome to introduce any topic within the Authority's jurisdiction. Matters presented under this heading may be discussed, but no action will be taken by the Authority at this meeting.

**D. ACTION ITEMS**

- 1. Resolution to Approve the Forms, Execution, and Delivery of Agreements and Fee Letter related to an existing subordinate Commercial Paper Program for WECA**

Consider a resolution approving the forms and execution and delivery of a Reimbursement Agreement and Fee Letter and an Amended and Restated Issuing and Paying Agent Agreement related to an existing subordinate Commercial Paper program for the Walnut Energy Center Authority and authorizing certain other matters related thereto.

-Brian Stubbert, Treasurer

**E. MOTION TO ADJOURN**



## **MINUTES OF THE COMMISSION OF THE WALNUT ENERGY CENTER AUTHORITY**

Turlock, California  
26 November 2024

A regular meeting of the Commission of the Walnut Energy Center Authority was called to order at 10:22 a.m. in regular session on the 26<sup>th</sup> day of November, 2024 at the offices of the Turlock Irrigation District, 333 East Canal Drive, Turlock, California. Present were: Commissioners Ron Macedo, David Yonan, Joe Alamo, and Michael Frantz, CEO Brad Koehn, Treasurer/Auditor Brian Stubbart, and Deputy Secretary Ashley Millsap. Absent was: Commissioner Rob Santos.

### **MOTION APPROVING CONSENT CALENDAR**

Moved by Commissioner Frantz, seconded by Commissioner Alamo, that the consent calendar consisting of the following approved:

1. **Approval of minutes of the regular meeting of April 30, 2024.**
2. **Resolution Approving Amendments 1, 2, and 3 to the Major Maintenance Plan Agreement between the Turlock Irrigation District, Walnut Energy Center Authority, and General Electric International, Inc., which is now GE Vernova International, LLC.**
3. **Resolution Approving the Walnut Energy Center Authority Regular Meeting Schedule.**

All voted in favor with none opposed (Commissioner Santos was absent). The President declared the motion carried.

### **PUBLIC COMMENT**

There was none.

### **RESOLUTION NO. 2024 - 5**

#### **RESOLUTION APPROVING THE WALNUT ENERGY CENTER AUTHORITY 2025 BUDGET**

Treasurer Brian Stubbart presented an overview of this item, including the proposed operating budget and capital projects for 2025.

Commissioners and staff discussed the lower Natural Gas Reserves numbers. Hearing no further comments, the Commission took the following action:

Moved by Commissioner Frantz, seconded by Commissioner Yonan, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

|         |  |
|---------|--|
| Ayes:   | Commissioners Yonan, Frantz, Alamo, and Macedo |
| Noes:   | None   |
| Absent: | Commissioner Santos                            |

The President declared the resolution adopted.

#### **RESOLUTION NO. 2024 - 6**

#### **RESOLUTION MAKING CERTAIN DETERMINATIONS WITH RESPECT TO REIMBURSEMENT OF ADVANCES AND PROPOSED ADVANCES FOR CAPITAL PROJECTS FROM THE WECA GENERAL AND/OR CAPITAL RESERVES FROM THE PROCEEDS OF TAXABLE OR TAX-EXEMPT DEBT**

Treasurer Brian Stubbart presented an overview of this item, clarifying the purpose of the reimbursement resolution is to allow the Authority to cash fund capital projects and retroactively incorporate into bond financing within 18 months if needed.

Hearing no comments, the Commission took the following action:

Moved by Commissioner Yonan, seconded by Commissioner Frantz, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

|         |  |
|---------|--|
| Ayes:   | Commissioners Yonan, Frantz, Alamo, and Macedo |
| Noes:   | None   |
| Absent: | Commissioner Santos                            |

The President declared the resolution adopted.

#### **RESOLUTION NO. 2024 - 7**

#### **RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF A JOINT EXERCISE OF POWERS AGREEMENT TO CREATE THE CENTRAL VALLEY ENERGY AUTHORITY AND AUTHORIZING CERTAIN OTHER MATTERS RELATING THERETO**

Treasurer Brian Stubbart presented details on forming the Joint Powers Authority for the Central Valley Energy Authority between Turlock Irrigation District and Walnut Energy Center Authority and reviewed key information on the formation and purpose.

Commissioners and staff discussed the annual ongoing costs of the Joint Powers Authority if approved or rejected. Hearing no further comments, the Commission took the following action:

Moved by Commissioner Frantz, seconded by Commissioner Yonan, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

|         |  |
|---------|--|
| Ayes:   | Commissioners Yonan, Frantz, Alamo, and Macedo |
| Noes:   | None   |
| Absent: | Commissioner Santos                            |

The President declared the resolution adopted.

### **MOTION TO ADJOURN**

Moved by Commissioner Frantz, seconded by Commissioner Yonan, that the regular meeting of the Commission be adjourned at 10:35 a.m.

All voted in favor with none opposed (Commissioner Santos was absent). The President declared the motion carried and the meeting adjourned.

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Deputy Secretary of the Commission of the  
Walnut Energy Center Authority



## COMMISSION AGENDA REPORT

**Commission Meeting** July 22, 2025

**Date:**

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**Subject:** Authorize the substitution of the letter of credit currently issued by Wells Fargo Bank with a letter of credit to be issued by Bank of America relating to the Walnut Energy Center Authority Commercial Paper program.

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**Administration:** Financial Services

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**Recommended Action:** Consider a resolution approving the forms and execution and delivery of a Reimbursement Agreement and Fee Letter and an Amended and Restated Issuing and Paying Agent Agreement related to an existing subordinate Commercial Paper program for the Walnut Energy Center Authority and authorizing certain other matters related thereto.

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**Background and Discussion:** The Walnut Energy Center Authority (WECA) is a Joint Power Agency between the Turlock Irrigation District (TID) and the Merced Irrigation District. In August 2005, WECA authorized the execution and delivery of commercial paper notes which are currently supported by a letter of credit issued by Wells Fargo Bank. The notes are payable by WECA from payments made by TID under a Power Purchase Agreement with TID. The current \$40,000,000 letter of credit with Wells Fargo Bank will expire on August 25, 2025. The current balance on the Commercial Paper program is approximately \$22,000,000. Bank of America provided the best bid proposal for a new letter of credit, necessitating the need for a new reimbursement agreement with Bank of America. The Bank of America letter of credit will maintain a principal amount of \$40,000,000. The estimated annual fees for this credit facility is approximately \$161,000, and the agreement is for three years.

The good faith estimates required under Section 5852.1 of the California Government Code for the commercial paper notes, reflecting the terms of the new letter of credit, is as follows (assumes all \$40,000,000 is utilized for all three years):


- (a) The true interest cost of the commercial paper notes is estimated at 3.62%, calculated as provided in Section 5852.1(a)(1)(A) of the Government Code.
- (b) The finance charge of the commercial paper notes, including all fees and charges paid to third parties, is estimated at \$694,260.
- (c) Proceeds of the loan received by the Authority for the sale of the commercial paper notes is equal to \$40,000,000. The finance charges set forth in (b) above are not included in the loan proceeds.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Government Code is estimated at \$4,981,835 (including the \$694,260 of finance charges listed in (c)) over a three-year period.

The foregoing are estimates and the final costs will depend on market conditions and can be expected to vary from the estimated amounts set forth above.

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|                                |   |
|--------------------------------|---|
| <b>Alternative(s)</b>          | Alternative: Pay off the current balance before August 25, 2025.  |
| <b>Pros and Cons:</b>          | Pros: Paying off the current balance would eliminate the annual fee and the future interest payments.<br>Cons: The Letter of Credit preserves cash and maintains liquidity. |
| <b>Additional Information:</b> | N/A   |
| <b>Fiscal Impact:</b>          | All potential fiscal impact estimates are listed above.   |

|                         |                         |                         |
|-------------------------|-------------------------|-------------------------|
| Presenter Signature     | Dept. Manager Signature | Treasurer Signature     |
| <i>Brian Stubbert</i>   |                         | <i>Brian Stubbert</i>   |
| Name: Brian Stubbert    | Name:                   | Name: Brian Stubbert    |
| Date Signed: 07/16/2025 | Date Signed:            | Date Signed: 07/16/2025 |

|   |
|---|
| CEO Signature   |
|  |
| Name: Brad Koehn  |
| Date Signed: 07/16/2025   |

## **RESOLUTION NO. 2025 -**

### **RESOLUTION APPROVING THE FORMS AND EXECUTION AND DELIVERY OF A REIMBURSEMENT AGREEMENT AND FEE LETTER AND AN AMENDED AND RESTATED ISSUING AND PAYING AGENT AGREEMENT RELATED TO AN EXISTING SUBORDINATE COMMERCIAL PAPER PROGRAM FOR THE WALNUT ENERGY CENTER AUTHORITY AND AUTHORIZING CERTAIN OTHER MATTERS RELATED THERETO**

WHEREAS, the Merced Irrigation District and the Turlock Irrigation District (the “District”) entered into a Joint Exercise of Powers Agreement, dated as of December 9, 2003, creating and establishing the Walnut Energy Center Authority (the “Authority”) pursuant to the Joint Exercise of Powers Act, Section 6500 et seq. of the California Government Code (the “Joint Powers Act”), for the purpose of providing assistance to the District in connection with the financing and refinancing of public capital improvements as defined in the Joint Powers Act; and

WHEREAS, the Authority acquired the Walnut Energy Center, which consists of an approximately 250 megawatt nameplate capacity combined cycle generating facility, together with related facilities, rights and assets (the “Project”); and

WHEREAS, the Authority has previously authorized the execution and delivery of commercial paper notes (the “Notes”) pursuant to Resolution 2005-1, adopted by the Authority on August 23, 2005 and an Issuing and Paying Agent Agreement, dated as of August 1, 2005 by and between the Authority and U.S. Bank Trust Company, National Association (as supplemented and amended to the date hereof, the “Original Issuing and Paying Agent Agreement”), for the purpose of financing and refinancing the costs of the Project; and

WHEREAS, pursuant to Section 3.1 of the Construction and Operation Agreement, dated as of March 31, 2004 (the “Construction and Operation Agreement”), between the Authority and the District, the District previously requested that the Authority issue the Notes for the purpose of financing and refinancing certain costs of the Project including, but not limited to, the costs of securing a portion of the fuel supply for the Project, and that the Notes be designated as “Bonds” (as that term is defined in the Power Purchase Agreement (as defined below) and in the Construction and Operation Agreement) for the purposes of the Power Purchase Agreement and the Construction and Operation Agreement; and

WHEREAS, the Notes are payable by the Authority from payments made by the District pursuant to the Power Purchase Agreement, dated as of March 31, 2004, by and between the Authority and the District (as amended to the date hereof the “Power Purchase Agreement”); and

WHEREAS, the Notes are payable by the Authority on a basis junior and subordinate in all respects to the Revenue Refunding Bonds, 2010 Series B (Federally Taxable), the Revenue Refunding Bonds, 2019 Series A and the Refunding Bonds, 2024 Series A; and

WHEREAS, the Authority has determined that it is desirable to substitute a letter of credit (the “Substitute Letter of Credit”) to be issued by Bank of America, N.A. (the “Bank”) for the existing letter of credit (the “Prior Letter of Credit”) previously issued by Wells Fargo Bank, National Association State to support the Notes; and

WHEREAS, there has been prepared and submitted to this meeting forms of a reimbursement agreement (the "Reimbursement Agreement") (including the form of the Bank Note as set forth as an exhibit to the Reimbursement Agreement, the "Bank Note") and a Fee Letter (the "Fee Letter") with the Bank; and

WHEREAS, there has been prepared and submitted to this meeting the form of an Offering Memorandum with respect to the Notes (the "Offering Memorandum") to be distributed in connection of the executed and delivery of the Notes; and

WHEREAS, the Commission now desires to authorize and approve the forms and the execution and delivery of the Reimbursement Agreement, the Fee Letter, the Bank Note and other documents described herein and the performance of such acts as may be necessary or desirable in connection with the execution and delivery of such documents; and

WHEREAS, the Commission desires to authorize and approve the amendment and restatement of the Original Issuing and Paying Agent Agreement, in the form of the Amended and Restated Issuing and Paying Agent Agreement (the "Amended and Restated Issuing and Paying Agent Agreement"), by and between the Authority and U.S. Bank Trust Company, National Association, that has been prepared and submitted to this meeting; and

WHEREAS, the Commission desires to authorize and approve the amendment and restatement of the Dealer Agreement, dated as of December 1, 2005, in the form of the Amended and Restated Dealer Agreement (the "Amended and Restated Issuing and Paying Agent Agreement"), by and between the Authority and J.P. Morgan Securities LLC that has been prepared and submitted to this meeting; and

WHEREAS, the Authority hereby determines that the issuance of Notes to finance and refinance certain costs for the Project will provide significant public benefits, as set forth in Section 6586 of the California Government Code, by, among other factors, allowing more efficient delivery of electricity to residential and commercial development and by providing employment benefits; and

WHEREAS, adoption of this resolution to authorize execution of the agreements and documents described herein and implementation of actions necessary to accomplish the intention of this resolution is not a project pursuant to California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(4) as it involves government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; thus, it is not subject to CEQA pursuant to CEQA Guidelines Section 15060(c)(3); and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided.



NOW, THEREFORE, BE IT RESOLVED by the Commission of the Walnut Energy Center Authority, as follows:

**Section 1.** All of the recitals herein contained are true and correct and the Commission so finds.

**Section 2.** The Notes will be repaid from payments the Authority receives from the District under the Power Purchase Agreement, and the Notes are hereby deemed to constitute “Bonds” (as that term is defined in the Power Purchase Agreement and the Construction and Operation Agreement) for the purposes of the Power Purchase Agreement and the Construction and Operation Agreement.

**Section 3.** The Authority hereby approves the Reimbursement Agreement, the Fee Letter and the Bank Note in substantially the forms submitted to this meeting and made a part hereof as though set forth in full herein. Any one of the President, Chief Executive Officer or Treasurer of the Authority, acting singly (each an “Authorized Officer”) is hereby authorized to execute, after consultation with Authority Counsel or Stradling Yocca Carlson & Rauth LLP, as note counsel (“Note Counsel”), the Reimbursement Agreement, the Fee Letter and the Bank Note in the forms presented to this Commission, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

**Section 4.** The Amended and Restated Issuing and Paying Agent Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. Any Authorized Officer is hereby authorized to execute, after consultation with Authority Counsel or Note Counsel, the Amended and Restated Issuing and Paying Agent Agreement in the form presented to this Commission, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

**Section 5.** The Amended and Restated Dealer Agreement, in substantially the form submitted to this meeting and made a part hereof as though set forth in full herein is hereby approved. Any Authorized Officer is hereby authorized to execute, after consultation with Authority Counsel or Note Counsel, the Amended and Restated Dealer Agreement in the form presented to this Commission, with such changes, insertions and deletions as may be approved by said Authorized Officer, said execution being conclusive evidence of such approval.

**Section 6.** The preparation and distribution of the Offering Memorandum with respect to the Notes, in substantially the form submitted to this meeting and made a part hereof as set forth in full, is hereby authorized.

**Section 7.** The Board acknowledges that the good faith estimates required by Section 5852.1 of the California Government Code are disclosed in the staff report and are available to the public at the meeting at which this Resolution is approved.

**Section 8.** The Authorized Officers are hereby authorized and directed, jointly and severally, to execute and deliver any and all documents, agreements, certificates and instruments, including, without limitation, signature certificates, no-litigation certificates, tax certificates, and any other agreements required in connection with the execution and delivery of the Reimbursement Agreement, the Fee Letter and the Bank Note, the delivery by the Bank of the Substitute Letter of Credit, the termination of the Prior Letter of Credit, issuance or administration of the Notes, and to do and cause to be done any and all acts and things which they may deem necessary, convenient

or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution, including, without limitation, the approval of any amendment to any of the Project Agreements, as that term is defined in the Indenture of Trust, dated as of April 1, 2004, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as amended to the date hereof.

**Section 9.** Any Member of the Commission and any Authorized Officer, shall be, and each of them hereby is, authorized to give or take all approvals, consents, directions, instructions, notices, orders, requests, indemnifications and other actions permitted or required by any of the documents authorized by this Resolution and to take any such action that such member or officer, with the advice of Authority Counsel or Note Counsel, may deem necessary or desirable to further the purposes of this Resolution.

**Section 10.** All actions heretofore taken by the officers, employees and agents of the Authority with respect to the matters set forth above are hereby approved, confirmed and ratified.

**Section 11.** This Resolution shall take effect from and after its date of adoption.

Moved by Commissioner \_\_\_\_\_, seconded by Commissioner \_\_\_\_\_, that the foregoing resolution be adopted.

Upon roll call the following vote was had:

Ayes:

Noes:

Absent:

The President declared the resolution \_\_\_\_\_.

I, Jennifer Land, Secretary of the Commission of the WALNUT ENERGY CENTER AUTHORITY, a California joint powers authority, do hereby certify that the foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of said Commission held the 22<sup>nd</sup> day of July, 2025.

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Secretary of the Commission of the  
Walnut Energy Center Authority

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AMENDED AND RESTATED ISSUING AND PAYING AGENT AGREEMENT

by and between

WALNUT ENERGY CENTER AUTHORITY

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Issuing and Paying Agent

Dated as of August 1, 2025

Relating To

WALNUT ENERGY CENTER AUTHORITY

SUBORDINATE COMMERCIAL PAPER NOTES (TAXABLE)  
SUBORDINATE COMMERCIAL PAPER NOTES (NON-AMT)

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**EXHIBITS:**

|           |   |   |
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| Exhibit A | – | Forms of Subordinate Commercial Paper Notes   |
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| Exhibit D | – | Form of Issuance Request  |
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| Exhibit F | – | Series and Subseries of Commercial Paper Notes, Dealers, Liquidity Facilities<br>and applicable Banks |

## **AMENDED AND RESTATED ISSUING AND PAYING AGENT AGREEMENT**

This AMENDED AND RESTATED ISSUING AND PAYING AGENT AGREEMENT, dated as of August 1, 2025 (the “Issuing and Paying Agent Agreement”), is by and between the WALNUT ENERGY CENTER AUTHORITY (the “Authority”), a joint powers authority duly organized and validly existing under the laws of the State of California, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America as issuing and paying agent (the “Issuing and Paying Agent”) and amends and restates in its entirety that certain Issuing and Paying Agent Agreement dated as of September 1, 2005, as amended by the First Supplement to Issuing and Paying Agent Agreement, dated as of August 1, 2022 (the “Original Agreement”), by and between the Authority and the Issuing and Paying Agent.

### **RECITALS:**

WHEREAS, the Authority has been established in accordance with the Act pursuant to the Joint Exercise of Powers Agreement, dated as of December 9, 2003, by and between the Turlock Irrigation District and Merced Irrigation District, with the power to acquire, construct, finance, operate and maintain the Project; and

WHEREAS, the Authority has entered into the Ground Lease with the District pursuant to which the Authority has leased the site for the Project from the District; and

WHEREAS, the Authority has entered into the Construction and Operation Agreement with the District pursuant to which the District has undertaken to design, construct and operate the Project on behalf of the Authority; and

WHEREAS, the Authority has entered into the Power Purchase Agreement with the District pursuant to which the District has agreed to purchase all of the capacity and the energy from the Project at a price that includes; among other things, the principal of and interest commercial paper notes authorized to be issued pursuant to this Agreement; and

WHEREAS, the Authority has determined to enter into this Issuing and Paying Agent Agreement to provide for the issuance of such notes in the form of Commercial Paper Notes and the authentication and delivery thereof, to declare the terms and conditions upon and subject to which such Commercial Paper Notes shall be issued, and to secure the payment of the principal thereof and interest thereon, including from available bank credit that may be secured by the Authority therefor; and

WHEREAS, the execution and delivery of this Issuing and Paying Agent Agreement has in all respects been validly authorized by Resolution No. 2025 - \_\_\_\_ adopted by the Commission of the Authority on July \_\_, 2025 (the “CP Resolution”); and

WHEREAS, under Section 10.01(a)(2) of the Original Agreement, the provisions thereof may be amended in writing signed by the parties to the Original Agreement with the consent of the Bank and provided that the Bank has unsecured debt obligations rated in one of the three highest long-term rating categories (without regard to sub-categories) of each Rating Agency; and

WHEREAS, Bank of America, N.A., as the Bank, has consented to the amendments in this Issuing and Paying Agent Agreement and has provided evidence that it has unsecured debt obligations rated in one of the three highest long-term rating categories (without regard to sub-categories) of each Rating Agency; and

WHEREAS, the Authority and the Issuing and Paying Agent desire to amend and restate the Original Agreement in its entirety with this Issuing and Paying Agent Agreement; and

WHEREAS, the Authority has determined that all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this Issuing and Paying Agent Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Issuing and Paying Agent Agreement;

NOW, THEREFORE, THE PARTIES TO THIS ISSUING AND PAYING AGENT AGREEMENT HEREBY AGREE that, in order to provide the terms, conditions, covenants and agreements with respect to the Commercial Paper Notes, to secure the payment of the principal of and the interest on all Commercial Paper Notes at any time issued, authenticated and delivered hereunder and the payment of the Bank Notes, and to secure the performance and observance of the terms, conditions, covenants and agreements hereinafter expressed, and in consideration of the premises and of the covenants and agreements herein contained and of the purchase and acceptance of the Commercial Paper Notes by the Owners thereof, and for other valuable consideration, the receipt of which is hereby acknowledged, the Authority does hereby agree and covenant with the Issuing and Paying Agent for the benefit of the respective Owners from time to time of the Commercial Paper Notes and the Bank, as follows:

## ARTICLE I

### DEFINITIONS; CONSTRUCTION

**Section 1.01 Definitions.** Unless the context otherwise requires, the terms defined in this Section shall, for all purposes of this Issuing and Paying Agent Agreement and of any Supplement and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

#### Act

“Act” means the Joint Exercise of Powers Act, codified at Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California, and all laws amendatory of or supplemental thereto.

#### Advance

“Advance” means an advance of funds (including, without limitation, in the form of a revolving loan, a term loan, a payment under a letter of credit or other borrowing) in accordance with the terms of the applicable Liquidity Facility.



### **Authorized Representative**

“Authorized Representative” means the President, Chief Executive Officer or Treasurer of the Authority, or any acting or interim Chief Executive Officer or Treasurer of the Authority.

### **Bank**

“Bank” means the provider or providers of a Liquidity Facility supporting all or any portion of the applicable Commercial Paper Notes.

### **Bank Note**

“Bank Note” means a promissory note or notes issued by the Authority pursuant to Article IV hereof and the terms of the applicable Liquidity Facility, having the terms and characteristics as provided herein and therein. Bank Notes shall be designated as either “Walnut Energy Center Authority Bank Notes (Non-AMT), Subseries [insert applicable letter and number designation] – [insert name of applicable Bank, or “Walnut Energy Center Authority Bank Notes (Taxable), Subseries [insert applicable letter and number designation] – [insert name of applicable Bank].”

### **Bank Note Payment Account**

“Bank Note Payment Account” means the account by that name established within the related Payment Fund pursuant to Section 5.01 hereof.

### **Bank Note Payment Date**

“Bank Note Payment Date” means a date on which principal of or interest on a Bank Note is due and payable, including both scheduled principal and interest and principal and interest payable upon prepayment of a Bank Note.

### **Bank Rate**

“Bank Rate” shall have the meaning assigned to that term in the applicable Liquidity Facility.

### **Business Day**

“Business Day” means any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York, Los Angeles, California, the city in which the Corporate Trust Office of the Issuing and Paying Agent is located, or the city in which is located the office of the Bank from which an Advance under the Liquidity Facility will be made, are authorized or required by law to close, (ii) a legal holiday of the Authority or any other day the Authority is authorized to be closed for official business or (iii) a day on which the New York Stock Exchange of the Federal Reserve Bank of New York is closed.

### **Certificate of the Authority**

“Certificate of the Authority” means a written certificate signed in the name of the Authority by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

## **Bond Counsel**

“Bond Counsel” means Stradling Yocca Carlson & Rauth LLP or an attorney or other firm or firms of attorneys, appointed by the Authority, having nationally recognized expertise in municipal finance law, including matters related to validity of, and tax-exempt status of interest on, obligations of states and their political subdivisions.

## **Code**

“Code” means the Internal Revenue Code of 1986, as amended.

## **Commercial Paper Note**

“Commercial Paper Note” means any of the Subordinate Commercial Paper Notes (Taxable) and Subordinate Commercial Paper Notes (Non-AMT) authorized and issued pursuant to the provisions of this Issuing and Paying Agent Agreement, having the terms and characteristics specified in Article II hereof.

## **Commercial Paper Note Payment Account**

“Commercial Paper Note Payment Account” means the account by that name established within the related Payment Fund pursuant to Section 5.01 hereof.

## **Commitment**

“Commitment” means an amount equal to the individual commitment of the applicable Bank to make Advances to the Authority pursuant to the relevant Liquidity Facility.

## **Construction and Operation Agreement**

“Construction and Operation Agreement” means the Construction and Operation Agreement by and between the Authority and the District, dated as of March 31, 2004, as the same may be amended and supplemented from time to time.

## **Corporate Trust Office**

“Corporate Trust Office” or “corporate trust office” means the corporate trust office of the Issuing and Paying Agent at 100 Wall Street, Suite 600, New York, New York 10005, or such other or additional offices as may be designated by the Issuing and Paying Agent.

## **Dealer**

“Dealer” means the person or persons designated by an Authorized Representative of the Authority as a dealer for all or a portion of the Commercial Paper Notes, or any successors or assigns approved in writing by the Authority, or any successor dealer or dealers appointed by the Authority that has entered into a Dealer Agreement with the Authority.

### **Dealer Agreement**

“Dealer Agreement” means an agreement by and between the Authority and a Dealer providing for the appointment of and acceptance by the Dealer of the duties and obligations imposed thereby, as the same shall have been amended, supplemented or otherwise modified as permitted thereby.

### **Depository**

“Depository” means (i) initially, DTC, and (ii) any other qualified securities depository acting as Depository pursuant to Section 2.09 hereof.

### **District**

“District” means the Turlock Irrigation District, an irrigation district duly organized and validly existing under Division 11 (commencing with Section 20500) of the California Water Code.

### **DTC**

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

### **Event of Default**

“Event of Default” means any of the events specified in Section 8.01 hereof.

### **Final Drawing Notice**

“Final Drawing Notice” has the meaning assigned to such term in the applicable Liquidity Facility.

### **Fitch**

“Fitch” means shall mean Fitch Ratings, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

### **Ground Lease**

“Ground Lease” means the Ground Lease dated as of March 31, 2004 between the Authority and the District, as the same may be amended and supplemented from time to time.

### **Issuance Request**

“Issuance Request” means a request made by the Authority, acting through an Authorized Representative, to the Issuing and Paying Agent for the authentication and delivery of Commercial Paper Notes, a form of which is attached hereto as Exhibit D.

### **Issuing and Paying Agent**

“Issuing and Paying Agent” means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under the laws of the United States of America, or any successor or substitute Issuing and Paying Agent appointed as provided in Article IX hereof.

### **Issuing and Paying Agent Agreement**

“Issuing and Paying Agent Agreement” means this Amended and Restated Issuing and Paying Agent Agreement, dated as of August 1, 2025, by and between the Authority and the Issuing and Paying Agent, as originally executed or as it may from time to time be supplemented or amended by any Supplement delivered pursuant to the provisions of Article X hereof.

### **Letter of Representations**

“Letter of Representations” means a letter to the Depository from the Authority and/or the Issuing and Paying Agent representing such matters as shall be necessary to qualify the Commercial Paper Notes for the Depository’s book-entry system.

### **Liquidity Facility**

“Liquidity Facility” means, with respect to the applicable Series or subseries of the Commercial Paper Notes, the line of credit, letter of credit (and related reimbursement agreement), revolving credit agreement or other liquidity arrangement enabling the Authority to borrow for the purpose of paying such Commercial Paper Notes an amount equal to the principal amount of the Series or subseries of Commercial Paper Notes supported thereby, in accordance with Section 5.03 hereof, and the instruments pursuant to which such facility is provided, as originally executed or as it may from time to time be supplemented, restated or amended in accordance with the terms thereof.

### **Liquidity Facility Expiration Date**

“Liquidity Facility Expiration Date” means, with respect to a Liquidity Facility, the stated expiration date thereof, taking into account any extension of such stated expiration date.

### **Master Note**

“Master Note” means a Commercial Paper Note of the applicable Series and subseries substantially in the form attached hereto as Exhibit B.

### **Maximum Rate**

“Maximum Rate” means, the lesser of (i) the maximum rate of interest allowable by law and (ii) twelve percent (12%) per annum.

### **Moody’s**

“Moody’s” means Moody’s Investors Service, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a

securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

### **Net Revenues**

“Net Revenues” means all Project Revenues (as defined in the Senior Lien Indenture) and all interest, profits and other income received from the investment and reinvestment of Project Revenues (other than amounts in the Rebate Fund established under the Senior Lien Indenture) and such additional sources of revenue pledged to pay the Senior Lien Bonds under the Senior Lien Indenture, but excluding all amounts which are required by the terms of the Senior Lien Indenture to be deposited into the Debt Service Account and any Debt Service Reserve Fund, each established with the trustee for the Senior Lien Bonds pursuant to the Senior Lien Indenture, or are otherwise required to be used to pay the Operation and Maintenance Costs of the Project and the principal of or interest on, or reserve requirements with respect to, Senior Lien Bonds.

### **No Issuance Notice**

“No Issuance Notice” has the meaning assigned to such term in the applicable Liquidity Facility.

### **Nominee**

“Nominee” means the nominee of the Depository designated pursuant to Section 2.09 hereof.

### **Operation and Maintenance Costs**

“Operation and Maintenance Costs” has the meaning given to that term in the Senior Lien Indenture.

### **Outstanding**

“Outstanding,” when used as of any particular time with reference to Commercial Paper Notes, means all Commercial Paper Notes theretofore, or thereupon being, authenticated and delivered by the Issuing and Paying Agent under this Issuing and Paying Agent Agreement except:

- (1) Commercial Paper Notes theretofore canceled by the Issuing and Paying Agent or surrendered to the Issuing and Paying Agent for cancellation;
- (2) Commercial Paper Notes with respect to which all liability of the Authority shall have been discharged in accordance with Section 11.02 hereof; and
- (3) Commercial Paper Notes for the transfer or exchange of or in lieu of or in substitution for which other Commercial Paper Notes shall have been authenticated and delivered by the Issuing and Paying Agent pursuant to this Issuing and Paying Agent Agreement.

### **Owner**

“Owner”, whenever used herein with respect to a Commercial Paper Note, means the person in whose name such Commercial Paper Note is registered.

## **Participant**

“Participant” means those brokers-dealers, banks and other financial institutions from time to time for which the Depository holds Commercial Paper Notes as securities depository.

## **Payment Fund**

“Payment Fund” means the fund by that name established for the related Series of Commercial Paper Notes pursuant to Section 5.01 hereof.

## **Permitted Investments**

“Permitted Investments” means any of the following, if and to the extent permitted by law and by any policy guidelines promulgated by the Authority.

The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow agreements.

- (a) Cash (insured at all times by the Federal Deposit Insurance Corporation); and
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. treasury obligations; all direct or fully guaranteed obligations; Farmers Home Administration; General Services Administration; Guaranteed Title XI financing; Government National Mortgage Association (GNMA); and State and Local Government Series.

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

The following obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

- (c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank; Rural Economic Community Development Administration; Federal Farm Credit Bureau; U.S. Maritime Administration; Small Business Administration; U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration and Federal Financing Bank;
- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: Senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC); Obligations of the Resolution Funding Corporation (REFCORP); Senior debt obligations of the Federal Home Loan Bank System; and Senior debt obligations of other Government Sponsored Agencies;

- (e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's and "A-1" by S&P and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (f) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's or "A-1" by S&P and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund rated "AAM", "AAAM" or "AAAM-G" or better by S&P, including such funds for which the Trustee or an affiliate provides investment advice for other services;
- (h) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:
  - (1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), in the highest rating category of Moody's or S&P or any successors thereto; or
  - (2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (i) The following municipal obligations: (1) revenue obligations of states or any department, board, agency or authority thereof rated "A1" or better by Moody's, "A+" or better by S&P or "A+" or better by Fitch; (2) general obligations of states rated "A3" or better by Moody's, "A-" or better by S&P or "A-" or better by Fitch; (3) adjustable rate revenue obligations of states or any department, board, agency or authority thereof rated "P-1" or better by Moody's, "A-1+" or better by S&P or "F-1" or better by Fitch; (4) fixed rate revenue obligations of any political subdivision of the State or entity owned, operated or controlled by such a political subdivision rated "A1" or better by Moody's, "A+" or better by S&P or "A+" or better by Fitch; or (5) adjustable rate revenue obligations of any political subdivision of the State or entity owned, operated or controlled by such a political subdivision rated "P-1" or better by Moody's, "A-1+" or better by S&P or "F-1+" by Fitch;

- (j) Investment agreements (supported by appropriate opinions of counsel) for which the guarantor is rated at least “AA” by S&P;
- (k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent that the Trustee is authorized to register such investment in its name;
- (l) the California Asset Management Program;
- (m) Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of Government Code § 53601(p);
- (n) Certificates of deposit insured by the Federal Deposit Insurance Corporation; and
- (o) Other investments permitted pursuant to Government Code Section 53601.

### **Power Purchase Agreement**

“Power Purchase Agreement” means the Power Purchase Agreement, dated as of March 31, 2004, between the Authority and the District, as the same may be amended and supplemented from time to time.

### **Proceeds Fund**

“Proceeds Fund” means the fund by that name established for the related Series of Commercial Paper Notes pursuant to Section 5.01 hereof.

### **Project**

“Project” means the Authority’s approximately 250 megawatt natural gas-fired, combined-cycle power plant and related facilities, and other items to be supplied by the Authority or the District, as more fully described in the Construction and Operation Agreement, and any addition, betterment or other renewal, replacement, extension or improvement thereto.

### **Rating Agency**

“Rating Agency” means, as of any particular date of determination, each of Moody’s, Standard & Poor’s and/or Fitch, if such Rating Agency has at the request of the Authority assigned a rating to the then Outstanding Commercial Paper Notes and each other nationally recognized statistical Rating Agency that at the request of the Authority has assigned a rating to the then Outstanding Commercial Paper Notes.

### **Rebate Fund**

“Rebate Fund” means the fund by that name established pursuant to Section 7.05 hereof.



### **Request of the Authority**

“Request of the Authority” means a written request signed in the name of the Authority by an Authorized Representative.

### **Series**

“Series,” whenever used herein with respect to Commercial Paper Notes, means all of the Commercial Paper Notes designated as being of the same series.

### **Senior Lien Bonds**

“Senior Lien Bonds” means “Bonds” as that term is defined in the Senior Lien Indenture.

### **Senior Lien Indenture**

“Senior Lien Indenture” means that certain Indenture of Trust, dated as of April 1, 2004, by and between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended and supplemented, and as it may be further amended and supplemented in accordance therewith.

### **Standard & Poor’s**

“Standard & Poor’s” means S&P Global Ratings, duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Standard & Poor’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

### **State**

“State” means the State of California.

### **Supplement**

“Supplement” means any amendment to this Issuing and Paying Agent Agreement hereafter duly executed and delivered, supplementing, modifying or amending this Issuing and Paying Agent Agreement, and entered into pursuant to the provisions hereof.

### **Taxable**

“Taxable” means, with respect to the Commercial Paper Notes of a Series or subseries so designated, that the interest on the Commercial Paper Notes of such Series is not expected to be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

### **Tax Certificate**

“Tax Certificate” means the Tax Certificate delivered by the Authority at the time of the authorization and initial issuance and delivery of any Series of Commercial Paper Notes with respect

to which interest is expected to be Tax-Exempt, as the same may be amended or supplemented in accordance with its terms.

### **Tax-Exempt**

“Tax-Exempt” means, with respect to the Commercial Paper Notes of a Series or subseries so designated, that the interest on the Commercial Paper Notes of such Series or subseries is expected to be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986.

**Section 1.02 Construction.** In this Issuing and Paying Agent Agreement, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein” and “hereunder” as used herein, refer to this Issuing and Paying Agent Agreement, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before, the date of the execution and delivery of this Issuing and Paying Agent Agreement. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof.

(b) Words of any gender shall mean and include correlative words of the other and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) Words importing persons shall include firms, associations, partnerships (including general partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons.

(d) Any headings preceding the texts of the several Articles and Sections of this Issuing and Paying Agent Agreement, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Issuing and Paying Agent Agreement, nor shall they affect its meaning, construction or effect.

(e) With respect to this Issuing and Paying Agent Agreement, (i) each liquidity facility supporting a Series or subseries of Commercial Paper Notes in whole or in part is referred to individually as a “Liquidity Facility” and such liquidity facilities are referred to collectively as the “Liquidity Facilities,” and shall include the instruments (to the extent a separate document from such liquidity facility) pursuant to which such liquidity facility is provided, (ii) each bank providing a Liquidity Facility for all or a part of a Series or subseries of Commercial Paper Notes is referred to individually as a “Bank,” and all banks providing a Liquidity Facility for all or a portion of any Series or subseries of Commercial Paper Notes are referred to collectively as the “Banks.” The Series and subseries designations of the Commercial Paper Notes, the applicable Dealer(s) therefor, as well as the Bank(s) providing the Liquidity Facility supporting such Series or subseries of Commercial Paper Notes, are set forth in Exhibit F hereto. Subseries of Commercial Paper Notes, Banks, Liquidity Facilities and Dealers may be added to, or deleted from, this Issuing and Paying Agent Agreement without the need to amend this Issuing and Paying Agent Agreement, upon delivery by an Authorized Representative of the Authority to the Issuing and Paying Agent of a new Exhibit F replacing the then-current Exhibit F, together with any new Dealer Agreement to be effective therefor and/or any new Liquidity Facility, new Bank Note(s) and new Master Note(s) delivered in accordance with the terms of this Issuing and Paying Agent Agreement.

## **ARTICLE II**

### **GENERAL AUTHORIZATION AND ISSUANCE; THE COMMERCIAL PAPER NOTES**

#### **Section 2.01 Authorization and Amount of Commercial Paper Notes.**

(a) There are hereby authorized to be issued for the purposes set forth in Section 2.02 hereof, Commercial Paper Notes of the Authority and there is hereby created a continuing pledge and lien as provided hereby to secure the payment of the principal of and interest on all the Commercial Paper Notes and the Bank Notes to the extent provided in Section 6.01 hereof.

(b) Each Series and subseries of Commercial Paper Notes shall not exceed the principal component of the Commitments then available under the Liquidity Facilities for such Series or subseries. At no time shall the aggregate amount of stated interest to maturity, if any, or yield to maturity payable on the Outstanding Commercial Paper Notes of a Series or subseries exceed the interest component of the Commitments then available under the Liquidity Facilities for such Series or subseries.

#### **Section 2.02 Designation and Purpose of Commercial Paper Notes.**

(a) The Commercial Paper Notes shall be designated generally as “Walnut Energy Center Authority Subordinate Commercial Paper Notes (Non-AMT)” or “Walnut Energy Center Authority Subordinate Commercial Paper Notes (Taxable)” and may be issued in multiple subseries, each such subseries thereof to be designated as being either Taxable or Tax-Exempt and to bear such additional alphanumeric or other or additional designation as may be necessary or appropriate to distinguish each Series and subseries of the Commercial Paper Notes from any other Series and subseries thereof.

(b) Commercial Paper Notes may be issued, and the proceeds of the sale of any Notes (net of all expenses and costs of sale and issuance) shall be applied to finance Project costs, to refinance, renew or refund other Commercial Paper Notes and to pay or reimburse the applicable Bank for Advances. Proceeds of Commercial Paper Notes issued to refinance, renew or refund other Commercial Paper Notes and shall also be used to pay or reimburse the applicable Bank for Advances used to pay principal of and interest due on such maturing Commercial Paper Notes. The authorization hereunder specifically includes the authorization to issue and reissue Commercial Paper Notes for the purposes contemplated herein. The aggregate principal amount of the Commercial Paper Notes (Non-AMT) and aggregate principal amount of the Commercial Paper Notes (Taxable), respectively, or, in each case, any Series or subseries thereof, that may be Outstanding at any time hereunder shall not at any time exceed the sum of the Commitments of the Banks then available under the applicable Liquidity Facilities therefor (or, in the case of any Series or subseries thereof, the related Commitment under the related Liquidity Facility).

#### **Section 2.03 Terms of the Commercial Paper Notes.**

(a) The Commercial Paper Notes shall be dated the date of their respective authentication and issuance; shall be issued in registered form, registered as designated by the

applicable Dealer (subject to Section 2.09 hereof); and shall be issued in denominations of \$100,000 and in integral multiples of \$1,000 in excess thereof. Commercial Paper Notes shall bear stated interest or accrue interest from their respective dates, payable on their respective maturity dates.

(b) The Commercial Paper Notes (i) may bear stated interest or accrue interest, in each case payable at maturity, at a rate not to exceed the Maximum Rate (calculated on the basis of a 365/366-day year (in the case of Commercial Paper Notes the interest on which is Tax-Exempt), and a 360-day year containing twelve 30-day months (in the case of Commercial Paper Notes the interest on which is Taxable), and in each case the actual number of days elapsed), (ii) shall mature on a Business Day not more than 270 days after their respective dates, but in any event not later than the earlier of (1) the Business Day immediately preceding the applicable Liquidity Facility Expiration Date or (2) the effective date of a substitute Liquidity Facility or Liquidity Facilities, and (iii) shall be sold at a price equal to the principal amount thereof if interest on the Commercial Paper Notes is Tax-Exempt and may be sold at a price less than the principal amount thereof if interest on the Commercial Paper Notes is Taxable.

(c) The stated interest rate, if any, or yield to maturity, maturity date and other terms of each Commercial Paper Note, so long as not inconsistent with the terms of this Issuing and Paying Agent Agreement, shall be as set forth in the Issuance Request required to be delivered pursuant to Section 3.01 hereof directing the issuance of such Commercial Paper Note.

(d) The Commercial Paper Notes shall not be subject to redemption prior to maturity.

(e) Within each Series or subseries, Commercial Paper Notes shall be numbered in such manner as the Issuing and Paying Agent may deem appropriate.

(f) The principal of and the interest on the Commercial Paper Notes shall be paid in immediately available funds in such coin or currency of the United States of America as, at the respective times of payment, is legal tender for the payment of public and private debts. Subject to Section 2.09 hereof, the principal of and interest on the Commercial Paper Notes, if any, shall be payable at the Corporate Trust Office of the Issuing and Paying Agent on any Business Day upon which such Commercial Paper Notes have become due and payable on or before the close of business on such Business Day, provided, that such Commercial Paper Notes are presented and surrendered on a timely basis. Upon presentation of such a Commercial Paper Note to the Issuing and Paying Agent no later than 2:15 p.m., New York City time, on or after any Business Day upon which such Commercial Paper Notes have become due and payable, payment for such Commercial Paper Note shall be made by the Issuing and Paying Agent in immediately available funds on such Business Day. If a Commercial Paper Note is presented for payment after 2:15 p.m., New York City time, on such Business Day, payment therefor shall be made by the Issuing and Paying Agent on the next succeeding Business Day without the accrual of additional interest thereon.

**Section 2.04 Form of Commercial Paper Notes.** Subject to Section 2.09 hereof, the Commercial Paper Notes and the Certificate of Authentication endorsed thereon shall be substantially in the forms set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as shall be required or appropriate in order to designate the Series and subseries, if any, thereof and as otherwise may be permitted or required by this Issuing and Paying Agent Agreement, and may contain or have endorsed thereon such legends, opinions and provisions not

inconsistent with this Issuing and Paying Agent Agreement as may be determined by an Authorized Representative of the Authority prior to their delivery.

**Section 2.05 Execution and Authentication of Commercial Paper Notes.** Subject to Section 2.09, the Commercial Paper Notes shall be executed in the name of the Authority by the manual or facsimile signature of one or more Authorized Representatives of the Authority, attested by the Secretary of the Commission of the Authority, or in such other manner as may be required or permitted by law. In case any of the officers who shall have signed any of the Commercial Paper Notes shall cease to be such officer or officers of the Authority before the Commercial Paper Notes so signed shall have been authenticated or delivered by the Issuing and Paying Agent or issued by the Authority, such Commercial Paper Notes may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority.

The Commercial Paper Notes shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, executed by the manual signature of the Issuing and Paying Agent. Only such of the Commercial Paper Notes as shall bear thereon a certificate of authentication manually executed by the Issuing and Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Issuing and Paying Agent Agreement, and such certificate of authentication when manually executed by the Issuing and Paying Agent shall be conclusive evidence that the Commercial Paper Notes so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Issuing and Paying Agent Agreement.

The Authority agrees to furnish the Issuing and Paying Agent with an adequate supply of Commercial Paper Notes from time to time, executed in accordance with this Section 2.05, with the principal amount, date of issue, Owner, maturity date, interest rate and amount of interest left blank. Pending receipt of an Issuance Request, the form of which is set forth as Exhibit D hereto, the Issuing and Paying Agent agrees to hold the Commercial Paper Notes in safekeeping for the account of the Authority in accordance with the customary practice of the Issuing and Paying Agent. Notwithstanding the foregoing, the Authority may furnish a single Note for each Series or subseries of the Commercial Paper Notes in the form of a Master Note as further provided in Section 2.09 hereof.

**Section 2.06 Registration and Transfer of Notes.** The Issuing and Paying Agent will keep or cause to be kept at its Corporate Trust Office sufficient books for the registration and transfer of Commercial Paper Notes, which shall at all times be open to inspection during normal business hours by the Authority upon reasonable prior notice, and upon presentation for such purpose, the Issuing and Paying Agent shall, under reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred on such books the Commercial Paper Notes, as herein provided.

Any Commercial Paper Note may, in accordance with its terms, be transferred, upon the register required to be kept pursuant to the provisions of this Section 2.06 by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Commercial Paper Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Issuing and Paying Agent.

Whenever any Commercial Paper Note or Notes shall be surrendered for transfer, the Authority shall execute and the Issuing and Paying Agent shall authenticate and deliver a new

Commercial Paper Note or Notes, of the same tenor, Series and subseries (if applicable), maturity and interest rate and for a like aggregate principal amount. The Issuing and Paying Agent shall require the Owner of the Commercial Paper Note requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

**Section 2.07 Commercial Paper Notes Mutilated, Lost, Destroyed or Stolen.** If any Commercial Paper Note shall become mutilated, the Authority, at the expense of the Owner of said Commercial Paper Note, shall execute, and the Issuing and Paying Agent shall thereupon authenticate and deliver, a new Commercial Paper Note of like Series and subseries (if applicable), tenor and number in exchange and substitution for the Commercial Paper Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Commercial Paper Note so mutilated. If any Commercial Paper Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuing and Paying Agent and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Authority, at the expense of the Owner, shall execute, and the Issuing and Paying Agent shall thereupon authenticate and deliver a new Commercial Paper Note of like Series and subseries (if applicable) and tenor and bearing a different number in lieu of and in substitution for the Commercial Paper Note so lost, destroyed or stolen. Neither the Authority nor the Issuing and Paying Agent shall be required to treat both the original Commercial Paper Note and any replacement Commercial Paper Note as being Outstanding for the purpose of determining the principal amount of Commercial Paper Notes which may be issued hereunder, but both the original and the replacement Commercial Paper Note shall be treated as one and the same.

**Section 2.08 Cancellation of Commercial Paper Notes.** The Issuing and Paying Agent agrees promptly to cancel the Commercial Paper Notes presented for payment and, if so requested by the Authority, to return such Commercial Paper Notes to the Authority. Promptly upon the written request of the Authority, the Issuing and Paying Agent agrees to cancel and return to the Authority all unissued Commercial Paper Notes in the possession of the Issuing and Paying Agent at the time of such request.

**Section 2.09 Master Note; Registration of Notes; Book-Entry Provisions.** Notwithstanding any other provision of this Issuing and Paying Agent Agreement to the contrary, the Authority may deliver the Commercial Paper Notes in the form of one or more Master Notes representing the Commercial Paper Notes of any Series or subseries to be issued from time to time. Unless an Authorized Representative determines that a Series or subseries of Commercial Paper Notes shall be issued in other than book-entry form, the Commercial Paper Notes shall initially be issued in book-entry form as further provided in this Section 2.09.

(a) Delivery and Provisions for Book-Entry Notes. The Commercial Paper Notes issued pursuant to this Issuing and Paying Agent Agreement shall initially be issued as book-entry only in the form of a separate single fully-registered Master Note for each Series and subseries of the Commercial Paper Notes. The initial Depository with respect to each Series and subseries of Commercial Paper Notes shall be DTC. The initial Nominee with respect to each Series and subseries of Commercial Paper Notes shall be Cede & Co., as nominee of DTC. Except as provided in subsection (c) of this Section 2.09, all of the Commercial Paper Notes shall be registered in the name of the Nominee. Notwithstanding any provision to the contrary in this Section 2.09, so long as the Commercial Paper Notes remain in the form of one or more Master Notes in book-entry form, the issuance of Commercial Paper Notes pursuant to an Issuance Request against payment therefor shall not require the physical delivery of note certificates.

The Issuing and Paying Agent and the Authority may treat the registered owner of each Commercial Paper Note as the sole and exclusive owner thereof for the purposes of payment of the principal of or interest on the Series or subseries of Commercial Paper Notes to which such Commercial Paper Note belongs, giving any notice permitted or required to be given to Owners under this Issuing and Paying Agent Agreement, registering the transfer of Commercial Paper Notes, obtaining any consent or other action to be taken by the Owners, and for all other purposes whatsoever, and neither the Issuing and Paying Agent nor the Authority shall be affected by any notice to the contrary.

Neither the Issuing and Paying Agent nor the Authority shall have any responsibility or obligation to any Participant in the Depository, any person claiming a beneficial ownership interest in the Commercial Paper Notes under or through the Depository or any Participant, or any other person who is not shown on the registration books as being an Owner, with respect to (i) the accuracy of any records maintained by the Depository or any Participant; (ii) the payment by the Depository or any Participant of any amount in respect of the principal of or interest on the Commercial Paper Notes; (iii) the delivery of any notice which is permitted or required to be given to Owners under this Issuing and Paying Agent Agreement; (iv) any consent given or other action taken by the Depository as Owner; or (v) any other purpose.

The Issuing and Paying Agent shall pay all principal of and interest on the Commercial Paper Notes only to or upon the order of the Depository, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the payment of the principal of and interest on the Commercial Paper Notes to the extent of the sum or sums so paid. Upon delivery by the Depository to the Issuing and Paying Agent of written notice to the effect that the Depository has determined to substitute a new Nominee in place of the current Nominee, and subject to the provisions herein with respect to record dates, the word Nominee in this Issuing and Paying Agent Agreement shall refer to such new Nominee.

(b) Certificate Agreement and Letter of Representations. The Issuing and Paying Agent has executed and delivered to DTC a Certificate Agreement, a copy of which is attached hereto as Exhibit C. Prior to the issuance of Commercial Paper Notes hereunder, the Authority shall deliver to the Issuing and Paying Agent a Letter of Representations executed by the Authority substantially in the form provided by DTC in order to provide for the issuance of the Master Notes and to qualify the Commercial Paper Notes for the Depository's book-entry only system. The Issuing and Paying Agent is hereby authorized and directed to execute and deliver to DTC such Letter of Representations. Notwithstanding any other provision of this Issuing and Paying Agent Agreement and so long as all Outstanding Commercial Paper Notes are registered in the name of Cede & Co. as nominee of DTC or its registered assigns, the Authority and the Issuing and Paying Agent shall cooperate with DTC, as sole registered owner of the Commercial Paper Notes, and its registered assigns, in effecting payment of the principal of and interest on the Commercial Paper Notes by arranging for payment in such manner that funds for such payment are properly identified and are made available on the date they are due, all in accordance with the Letter of Representations, the provisions of which the Issuing and Paying Agent may rely upon to implement the foregoing procedures notwithstanding any inconsistent provisions herein. The execution and delivery of the Letter of Representations shall not in any way limit the provisions of this Section 2.09 or in any other way impose upon the Authority any obligation whatsoever with respect to persons having beneficial ownership interests in the Commercial Paper Notes other than the Owners.

(c) Discontinuation of Book-Entry System. In the event (i) the Depository determines not to continue to act as securities depository for a Series or subseries of Commercial Paper Notes, or (ii) the Authority determines that the Depository shall no longer so act and delivers a written certificate to the Issuing and Paying Agent to that effect, then the Authority will discontinue the book-entry system with the Depository for such Series or subseries of Commercial Paper Notes. If the Authority determines to replace the Depository for a Series or subseries of Commercial Paper Notes with another qualified securities depository, the Authority shall prepare or direct the preparation of a new, single, separate, fully registered Commercial Paper Note for such Series or subseries of Commercial Paper Notes registered in the name of such successor or substitute qualified Depository or its Nominee, or make such other arrangements acceptable to the Issuing and Paying Agent and such successor or substitute Depository as are not inconsistent with the terms of this Issuing and Paying Agent Agreement. If the Authority fails to identify another qualified Depository to replace the incumbent Depository for a Series or subseries of Commercial Paper Notes, then such Series or subseries of Commercial Paper Notes shall no longer be restricted to being registered in the registration books of the Issuing and Paying Agent in the name of the incumbent Depository or its Nominee, but shall be registered in whatever name or names the incumbent Depository or its Nominee transferring or exchanging such Series or subseries of Commercial Paper Notes shall designate.

(d) Payments to the Nominee. Notwithstanding any provision of this Issuing and Paying Agent Agreement to the contrary, so long as the Commercial Paper Notes are registered in the name of the Nominee, all payments with respect to principal of and interest on the Commercial Paper Notes and all notices with respect to the Commercial Paper Notes shall be made and given, respectively, as provided in the Letter of Representations for the related Series or subseries of Commercial Paper Notes or as otherwise instructed by the Depository.

### **ARTICLE III**

#### **ISSUANCE AND SALE OF COMMERCIAL PAPER NOTES**

##### **Section 3.01 Issuance and Sale of Commercial Paper Notes.**

(a) At the time of the execution and delivery by the Issuing and Paying Agent of this Issuing and Paying Agent Agreement and as a condition precedent to the initial issuance of Commercial Paper Notes hereunder, there shall be filed with the Issuing and Paying Agent by the Authority:

(1) a copy of the CP Resolution referred to in the sixth recital to this Issuing and Paying Agent Agreement, certified by the Secretary of the Commission of the Authority or their duly authorized designee;

(2) a letter of Bond Counsel addressed to the Issuing and Paying Agent authorizing the Issuing and Paying Agent to rely upon the approving opinion of Bond Counsel delivered in connection with the initial issuance of the Commercial Paper Notes as to the validity of such Commercial Paper Notes;

(3) to the extent any of the Commercial Paper Notes proposed to be issued are to be issued as Tax-Exempt, an opinion of Bond Counsel with respect to the Tax-Exempt status thereof;



- (4) an executed copy of this Issuing and Paying Agent Agreement;
- (5) fully executed copies of one or more Dealer Agreements for such Commercial Paper Notes; and
- (6) one or more fully executed Liquidity Facilities, together with one or more legal opinions addressed to the Authority and the Issuing and Paying Agent of counsel to each Bank providing the initial Liquidity Facilities for the Commercial Paper Notes to the effect that the applicable Liquidity Facility is a legal, valid and binding obligation of the issuing Bank and is enforceable against such Bank in accordance with its terms (subject to such qualifications as may be acceptable to the Authority).

(b) At any time after the execution of this Issuing and Paying Agent Agreement and from time to time, Commercial Paper Notes may be issued and shall, subject to Section 2.09 and Section 3.01(c) hereof, be manually authenticated and delivered by the Issuing and Paying Agent in the manner hereinafter provided, but only upon receipt by the Issuing and Paying Agent of an Issuance Request in substantially the form attached hereto as Exhibit D or upon receipt by the Issuing and Paying Agent in the manner specified below of telephonic, computer or written instructions providing the information set forth in Exhibit D (which instructions shall be the equivalent to the giving of a written Issuance Request to the Issuing and Paying Agent) no later than 1:00 p.m., New York City time (or, in the case of book-entry Commercial Paper Notes, 1:30 p.m., New York City time), on the Business Day on which Commercial Paper Notes are to be delivered, directing the Issuing and Paying Agent to authenticate the Commercial Paper Notes referred to therein and to deliver the same to or upon the order of one or more Dealers upon receipt of payment in accordance with custom then prevailing in the New York financial market for commercial paper notes and the rules of the New York Clearinghouse then in effect. If an Issuance Request is received after 1:00 p.m., New York City time, (or, in the case of book-entry Commercial Paper Notes, 1:30 p.m., New York City time), on a given day, the Issuing and Paying Agent shall not be obligated to deliver the requested Commercial Paper Notes until the next succeeding Business Day. To the extent any instructions given pursuant to this Section 3.01 are not written, they shall be confirmed in writing by an Authorized Representative by the close of business on the day such instructions are given.

Each Issuance Request shall include: (1) the Series and subseries designation of each Commercial Paper Note to be delivered; (2) the principal amount and date of each Commercial Paper Note then to be delivered; (3) the interest rate or yield to maturity of the Commercial Paper Notes then to be delivered; (4) the purchase price of the Commercial Paper Notes then to be delivered, and (5) the maturity date thereof.

Upon receipt of any Issuance Request or instructions which shall provide for the issuance of Commercial Paper Notes with a maturity date of two (2) days or shorter, the Authority shall use its best efforts to notify the applicable Bank providing the related Liquidity Facility thereof.

Each such Issuance Request shall also certify or shall constitute a representation by the Authority to the Issuing and Paying Agent that, as of the date of delivery of the related Commercial Paper Notes:

- (i) the Commercial Paper Notes then to be issued are being issued for purposes authorized by Section 2.02 of this Issuing and Paying Agent Agreement;

(ii) all actions on the part of the Authority necessary for the valid issuance of the Commercial Paper Notes have been taken, and that such Commercial Paper Notes will be valid obligations of the Authority enforceable in accordance with their terms;

(iii) after the issuance of such Commercial Paper Notes and the application of the proceeds thereof, the aggregate principal amount of the Commercial Paper Notes Outstanding will not exceed the amount that is authorized to be Outstanding as provided in Section 2.01 hereof; and in connection with any Issuance Request for original issue Commercial Paper Notes that, as a result of the issuance and application of the proceeds thereof, the aggregate principal amount of Commercial Paper Notes then to be Outstanding shall be increased, the Authority shall, at or prior to the time of such Issuance Request, deliver to the Issuing and Paying Agent a Certificate of the Authority evidencing compliance with such limitation;

(iv) Liquidity Facilities supporting the full principal amount of the Commercial Paper Notes then to be Outstanding are in full force and effect;

(v) the interest rates, if any, borne by the Commercial Paper Notes or the yield to maturity of the Commercial Paper Notes to be delivered on such rate does not exceed the Maximum Rate;

(vi) unless the Commercial Paper Notes to be issued are Taxable, the facts, estimates, circumstances and representations set forth or made (as the case may be) in the Tax Certificate continue to exist and are reaffirmed on such date;

(vii) the terms of the Commercial Paper Notes do not exceed 270 days and the maturity dates of such Commercial Paper Notes set forth in the Issuance Request do not extend beyond the Business Day prior to the applicable Liquidity Facility Expiration Date;

(viii) the Authority has not been notified by Bond Counsel that their opinion with respect to the validity of the Commercial Paper Notes of such Series or subseries and, if the interest on such Series or subseries of Commercial Paper Notes is Tax-Exempt, has not been notified by Bond Counsel that their opinion with respect to the tax treatment of the interest thereon, delivered prior to the initial issuance of such Series or subseries of Commercial Paper Notes has been revised or withdrawn or, if any such revisions or withdrawal has occurred, a revised opinion or a substitute opinion acceptable to the applicable Dealer has been delivered;

(ix) no Event of Default under Section 8.01 hereof has occurred and is continuing as of the date of such Issuance Request;

(x) a No Issuance Notice has not been received from the Bank; and

(xi) all of the conditions precedent to the issuance of such Commercial Paper Notes set forth in the applicable Liquidity Facility and in this Section 3.01 have been satisfied.

(c) Upon receipt of an Issuance Request from an Authorized Representative or of telephonic, computer or written instructions as hereinabove provided (and which instructions may be mailed, telephoned, transmitted through an electronic instruction reporting communication service offered by the Issuing and Paying Agent and/or transmitted by facsimile device to the Issuing and Paying Agent) given by an Authorized Representative, or by any person, including any employee or

partner of a Dealer, who has been designated by an Authorized Representative in writing to the Issuing and Paying Agent as a person authorized to transmit such instructions hereunder, the Issuing and Paying Agent shall, by 2:15 p.m., New York City time, subject to the last sentence of this Section 3.01(c), withdraw the necessary Commercial Paper Notes from safekeeping and, in accordance with such Issuance Request, (i) complete each Commercial Paper Note as to principal amount (in denominations as prescribed by Section 2.03(a)), date of issue, maturity date, interest rate and amount of interest thereon (or, in the case of a Series or subseries of Commercial Paper Notes issued at a price below the principal amount thereof, initial amount and value at maturity), and to register such Commercial Paper Note as directed by Dealer; (ii) manually authenticate each Commercial Paper Note by any officer or employee duly authorized and designated for such purpose; and (iii) deliver the Commercial Paper Notes to or upon the order of the Dealer or its agent, which delivery shall be against receipt for payment as herein provided or as otherwise provided in such Issuance Request.

Notwithstanding the foregoing, so long as a Master Note is held by the Depository as provided in Section 2.09 hereof, the Issuing and Paying Agent shall provide for the delivery of Commercial Paper Notes thereunder in accordance with the terms of the Letter of Representations and the Certificate Agreement.

(d) Notwithstanding any other provision hereof, if a No Issuance Notice or the Final Drawing Notice has been received by the Issuing and Paying Agent from the applicable Bank and has not been rescinded in writing (in the case of a No Issuance Notice), the Issuing and Paying Agent shall not issue or authenticate any Commercial Paper Notes hereunder which are affected by such No Issuance Notice or the Final Drawing Notice, except to effect transfers or exchanges of Outstanding Commercial Paper Notes as provided in Section 2.06 and Section 2.07 hereof. In the event an Issuance Request is received by the Issuing and Paying Agent compliance with which would violate a No Issuance Notice or the Final Drawing Notice, the Issuing and Paying Agent shall return such Issuance Request to the Authority together with a copy of the No Issuance Notice or the Final Drawing Notice, as applicable, and shall notify the applicable Dealer of such action. Upon receipt from the applicable Bank of any written notice of rescission of a No Issuance Notice previously delivered, the Issuing and Paying Agent shall resume issuing and authenticating Commercial Paper Notes as provided herein. A No Issuance Notice or Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the failure to so confirm such No-Issuance Instruction or Final Drawing Notice in writing shall not render such No Issuance Instruction or Final Drawing Notice ineffective. Should the Issuing and Paying Agent receive an Issuance Request prior to receipt of the No-Issuance Instruction, the Issuing and Paying Agent will on a best efforts basis attempt to stop the delivery of Commercial Paper Notes and the transmission of Commercial Paper Notes to DTC (provided that the Issuing and Paying Agent receives the Stop Issuance Instruction by the time specified in the applicable Liquidity Facility).

(e) Any Issuance Request made by telephone pursuant to this Section 3.01 may be recorded by the Issuing and Paying Agent and promptly confirmed in writing by an Authorized Representative. Except in the case of negligence or willful misconduct, the Issuing and Paying Agent shall incur no liability to the Authority in acting hereunder upon telephonic or other instructions contemplated hereby which the recipient thereof believed in good faith to have been given by an Authorized Representative. In the event a discrepancy exists between the telephonic instructions and the written confirmation, or in the absence of receiving a written confirmation, the telephonic instructions as recorded by the Issuing and Paying Agent will be deemed the controlling and proper instructions. If the Issuing and Paying Agent does not record an oral Issuance Request,

and a conflict exists between such oral Issuance Request and the written confirmation thereof, the terms of the written confirmation shall control.

(f) In the event a Bank providing a Liquidity Facility delivers a Final Drawing Notice, as set forth in an Exhibit to such Liquidity Facility, to the Issuing and Paying Agent with respect to a series of Commercial Paper Notes, the Issuing and Paying Agent shall draw on such Liquidity Facility in accordance with such Final Drawing Notice and shall apply the proceeds of such drawing to the payment of the principal of and interest on such series of Commercial Paper Notes in accordance with the terms thereof.

**Section 3.02 Limitations on the Issuance of Obligations Payable from Net Revenues.** The Authority will not, so long as any of the Commercial Paper Notes or Bank Notes are outstanding, issue any obligations or securities, howsoever denominated, payable in whole or in part from or secured by Net Revenues, except the following:

(a) Commercial Paper Notes of any additional Series or subseries authorized pursuant to Section 2.02 hereof.

(b) Subject to the terms and conditions of any Liquidity Facility, obligations which are junior and fully subordinate to the payment of the principal of and interest on the Commercial Paper Notes, and which junior and subordinate obligations are payable as to principal and interest only out of Net Revenues after the prior payment of all amounts then required to be paid hereunder from Net Revenues for principal of and interest on the Commercial Paper Notes as the same become due and payable and at the times and in the manner as required herein.

Notwithstanding anything herein to the contrary, the issuance of Commercial Paper Notes and any draw on a Liquidity Facility with respect to the Commercial Paper Notes which has not been converted to Bank Notes shall not be considered the issuance of additional debt within the provisions of Sections 2.02 and 3.02 hereof, and no limitation contained in such Sections shall apply to the issuance of Commercial Paper Notes or any draw on the Liquidity Facilities with respect thereto.

## **ARTICLE IV**

### **BANK NOTES**

#### **Section 4.01 Authorization and Terms of Bank Notes.**

(a) The Authority hereby authorizes the issuance of its Bank Notes, subject to the provisions of this Section 4.01 and as hereinafter provided. Bank Notes shall be issued from time to time for each Bank providing a Liquidity Facility for a Series or subseries of the Commercial Paper Notes as provided herein in the event that any Advance under the related Liquidity Facility is made or, if required by the applicable Bank, shall be issued on the date the Liquidity Facility is delivered to evidence the obligation of the Authority to repay any Advance under such Liquidity Facility. Bank Notes shall be designated as “Walnut Energy Center Authority Bank Notes (Non-AMT), Subseries [insert applicable letter and number designation] – [insert name of applicable Bank]” or “Walnut Energy Center Authority Bank Notes (Taxable), Subseries [insert applicable letter and number designation] – [insert name of applicable Bank]. The principal amount of any Bank Note that may be Outstanding at any one time hereunder shall not at any time exceed the Commitment of the applicable Bank under the related Liquidity Facility.

(b) Bank Notes may be executed on behalf of the Authority by any Authorized Representative, attested by the Secretary of the Commission of the Authority. The Bank Notes shall be dated the date of their respective issuance; shall be issued to the applicable Bank in registered form only; shall be issued in any denomination and shall bear interest at the Bank Rate (calculated on the basis of a year of 365 or 366 days, in each case, for the actual number of days (including the first day but excluding the last day in the case of interest); provided, however, that the interest rate on the Bank Notes shall not exceed the Maximum Rate. Bank Notes shall bear interest from their respective dates, payable in accordance with the Liquidity Facility. Principal of Bank Notes shall be payable in accordance with the Liquidity Facility. The final maturity of the Bank Notes shall be no later than such date as may be provided for in the Liquidity Facility.

(c) Unless a Bank Note was delivered to the applicable Bank in the amount of the related Commitment on the date of issuance of the Liquidity Facility as provided in Section 4.01(a) hereof, the maturity date and other terms of each Bank Note, so long as not inconsistent with the terms of this Issuing and Paying Agent Agreement, shall be as set forth in the certificate of an Authorized Representative of the Authority directing the issuance of such Bank Note.

(d) Each Series or subseries of Bank Notes shall be subject to optional prepayment prior to maturity in accordance with, and upon notice as provided by, the related Liquidity Facility.

**Section 4.02 Issuance of Bank Notes.** In the event that a Bank shall have made an Advance under a Liquidity Facility which is not reimbursed on the date of such Advance, the Issuing and Paying Agent shall authenticate a Bank Note in the principal amount equal to the amount of the Advance and shall deliver, or cause to be delivered, such Bank Note to or upon the order of the Bank, unless a Bank Note was delivered to the Bank in the amount of the related Commitment on the date of issuance of the Liquidity Facility as provided in Section 4.01(a) hereof. No further approval of the Commission of the Authority is necessary for the issuance of any Bank Notes. If any Bank Note shall become mutilated, the Issuing and Paying Agent shall authenticate and deliver, a new Bank Note to the applicable Bank in exchange and substitution for the Bank Note so mutilated, but only upon surrender to the Issuing and Paying Agent of the Bank Note so mutilated. If any Bank Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Issuing and Paying Agent and, if such evidence be satisfactory to it and indemnity satisfactory to it shall be given, the Issuing and Paying Agent shall authenticate and deliver a new Bank Note to the applicable Bank in lieu of and in substitution for the Bank Note so lost, destroyed or stolen. No further approval of the Commission of the Authority is necessary for the issuance of any Bank Notes.

**Section 4.03 Form of Bank Notes and Authentication Certificate.** The definitive Bank Notes and the Certificate of Authentication endorsed thereon shall be substantially in the form set forth in the applicable Liquidity Facility, with such appropriate variations, omissions and insertions as shall be necessary or appropriate in order to accomplish the purpose of the transaction authorized by this Issuing and Paying Agent Agreement. The Bank Notes may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or any usage or requirement of law or regulation with respect thereto.

**Section 4.04 No Transfers of Bank Notes.** Unless otherwise required by applicable law, the Bank Notes shall be non-negotiable and non-transferable; provided that the Bank Notes may be transferred to any successor or assign of the Bank pursuant to the terms of the Liquidity Facility or to

any successor of the Bank by merger or other business combination or as otherwise provided for in the Liquidity Facility.

## **ARTICLE V**

### **FUNDS AND ACCOUNTS; APPLICATION OF NOTE PROCEEDS**

#### **Section 5.01 Establishment and Designation of Funds and Accounts; Pledge of Certain Funds.**

(a) A fund is hereby established and designated as the “Proceeds Fund,” with a subaccount therein for each Series or subseries (if any) of the Commercial Paper Notes of the respective Series or subseries to be held by the Authority.

(b) A fund is hereby established and designated as the “Payment Fund” together with the following accounts and subaccounts in each such fund to be held and maintained by the Issuing and Paying Agent:

(i) a “Commercial Paper Note Payment Account,” with subaccounts therein for each subseries (if any) of the Commercial Paper Notes of the respective Series; and

(ii) a “Bank Note Payment Account,” with subaccounts therein for each subseries (if any) of the Commercial Paper Notes of the respective Series.

There are hereby pledged to secure the payment of the principal of and interest on the respective Series and subseries of the Commercial Paper Notes and the Bank Notes and all other amounts payable to the Bank under each Liquidity Facility, each in accordance with their terms, all amounts held by the Issuing and Paying Agent hereunder in the respective funds and accounts (or with respect to subseries, the respective subaccounts) related to such Series or subseries, as applicable, subject only to the provisions of this Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge shall be valid and binding from and after delivery by the Issuing and Paying Agent of the Commercial Paper Notes and any Bank Notes.

**Section 5.02 Application of Proceeds.** There shall be deposited into the Payment Fund and subaccount therein (if any) the proceeds of the sale of the Commercial Paper Notes of the related Series or subseries and such amounts in the Payment Fund shall be applied immediately after receipt as follows and in the following order of priority:

(i) First, there shall be transferred from the Payment Fund to the applicable Commercial Paper Note Payment Account and subaccount therein (if any) for the respective Series or subseries on the date such proceeds are received, the amount necessary to reimburse Bank making an Advance under the Liquidity Facility associated with such Series or subseries in accordance with the provisions of such Liquidity Agreement or, if such Bank has failed to honor a properly presented and conforming drawing on such Liquidity Facility, amounts so transferred to the applicable Commercial Paper Note Payment Account and subaccount therein (if any) shall be applied to pay the principal of the Commercial Paper Notes of such Series or subseries that mature on the date such transfer is made;

(ii) Second, there shall be transferred to the Proceeds Fund or as otherwise specified by the Authority in accordance with the written direction of an Authorized Representative of the Authority, the amount specified by the Authority to be applied to, or to reimburse the Authority for funds applied to, any or all of the purposes specified in Section 2.02 hereof.

**Section 5.03 Commercial Paper Note Payment Account.** In addition to the proceeds of the sale of Commercial Paper Notes of a Series and subseries transferred from the Payment Fund to the applicable Commercial Paper Note Payment Account or subaccount therein (if any) pursuant to Section 5.02 hereof, there shall be deposited in each such Commercial Paper Note Payment Account or subaccount therein (if any) such other amounts as the Authority may direct or otherwise deposit therein, including all amounts provided by the Authority for the payment of interest on the related Series or subseries of the Commercial Paper Notes as provided in Section 6.01 hereof. In addition, there shall be deposited into the applicable Commercial Paper Note Payment Account or subaccount therein (if any) all amounts received by the Issuing and Paying Agent as an Advance under the related Liquidity Facility for such Series or subseries of Commercial Paper Notes. The proceeds of Advances shall be held separate and apart from all other amounts in the Commercial Paper Note Payment Account or subaccount therein (if any). Amounts in the Commercial Paper Note Payment Account or any subaccount therein for a respective Series or subseries of Commercial Paper Notes are to be used solely to reimburse Bank making an Advance under the Liquidity Facility associated with such Series or subseries in accordance with the provisions of such Liquidity Agreement or, if such Bank has failed to honor a properly presented and conforming drawing on such Liquidity Facility, to pay the principal of and interest on such Series or subseries of the Commercial Paper Notes and shall be held by the Issuing and Paying Agent in trust and applied by the Issuing and Paying Agent for such purpose.

If by the time set forth in the applicable Liquidity Facility, on any date on which payment of any Commercial Paper Notes shall be due by reason of the stated maturity thereof, the Issuing and Paying Agent shall submit a request for an Advance in the form and in accordance with the requirements of the applicable Liquidity Facility, in order to draw on the Liquidity Facility so as to receive funds thereunder not later than 1:30 p.m., New York time (or such later time that is approved by the Issuing and Paying Agent, in such amount as is necessary to pay the principal of such maturing Commercial Paper Notes of the related Series or subseries, and shall deposit the proceeds of any such Advance in the applicable Commercial Paper Note Payment Account or subaccount therein (if any) as herein provided. The proceeds of any Advance that the Issuing and Paying Agent determines are not necessary to pay the principal of maturing Commercial Paper Notes of the related Series or subseries shall be returned promptly to the applicable Bank.

**Section 5.04 Deposits to Bank Note Payment Accounts.** On the Business Day before each Bank Note Payment Date, the Authority shall allocate and transfer to the Issuing and Paying Agent for deposit in the applicable Bank Note Payment Account or subaccount therein (if any) amounts from Net Revenues, as follows: (i) an amount equal to the aggregate amount of interest due and payable on such Bank Note Payment Date on all Bank Notes Outstanding and (ii) an amount equal to the aggregate principal amount due and payable on such Bank Note Payment Date on the Outstanding Bank Notes; and

Amounts in each Bank Note Payment Account or subaccount therein (if any) shall be invested by the Issuing and Paying Agent in Permitted Investments pursuant to the written instructions of the Authority. In the absence of such instructions, the Issuing and Paying Agent shall

invest in a money market fund rated in one of the two top categories by Standard & Poor's, including funds for which the Issuing and Paying Agent and its affiliates provide investment advisory or other management services.

**Section 5.05 Proceeds Fund.** Moneys in the Proceeds Fund shall be applied to the payment of Project costs. The Authority shall disburse from the Proceeds Fund the amount required for the payment of Project costs. When the Authority determines that the portion of the Project to be financed with the proceeds of a Series or subseries of Commercial Paper Notes has been completed, the Authority shall transfer the remaining balance in the appropriate account within the Proceeds Fund to the Issuing and Paying Agent for deposit in the Payment Fund to the extent necessary for, and the Issuing and Paying Agent shall apply such funds as soon as practicable to, the payment first, of amounts owing to the Bank with respect to such Series or subseries of Commercial Paper Notes, including Bank Notes, and second, to the payment at maturity of such Series or subseries of Commercial Paper Notes; provided, that proceeds of the Commercial Paper Notes which are Taxable may also be used to pay amounts owing to the Bank with respect to any other Series or subseries of Commercial Paper Notes, or to pay maturing Commercial Paper Notes of any other Series or subseries.

**Section 5.06 Moneys in Funds and Accounts; Investments Authorized.** Pending expenditure for authorized purposes, moneys held by the Issuing and Paying Agent hereunder in the Commercial Paper Note Payment Account or the Bank Note Payment Account or any subaccount therein to the extent representing funds provided by the Authority shall be invested by the Issuing and Paying Agent at the written direction of the Authority in Permitted Investments maturing or available not later than the date on which it is estimated that such moneys will be required to be used or applied as provided herein. Amounts held in the Commercial Paper Note Payment Account or any subaccount therein representing the proceeds of an Advance made under a Liquidity Facility shall be held uninvested, in cash, and shall not be commingled with any other funds held hereunder.

Unless otherwise provided herein, all interest, profits and other income received from the investment of moneys in any fund, account or subaccount shall remain in and be credited to such fund, account or subaccount; provided that an amount of interest received with respect to any Permitted Investment equal to the amount of accrued interest, if any, paid as part of the purchase price of such Permitted Investment shall be credited to the fund, account or subaccount from which such accrued interest was paid. Moneys held in any fund, account or subaccount hereunder (other than the Rebate Fund) may be comingled for purposes of investment only; provided, that each fund, account or subaccount held by the Issuing and Paying Agent hereunder shall be accounted for separately as required by this Issuing and Paying Agent Agreement and the Issuing and Paying Agent shall segregate such funds, accounts and subaccounts if so instructed by the Authority.

The Issuing and Paying Agent shall keep proper books of record and accounts containing complete and correct entries of all transactions made by it relating to the receipt, disbursement, allocation and application of the moneys related to the Commercial Paper Notes, including moneys derived from, pledged to, or to be used to make payments on the Commercial Paper Notes. Such records shall specify the fund, account and subaccount to which such moneys are to be allocated.

The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Issuing and Paying Agent will provide system access to the



Authority so as to furnish the Authority periodic cash transactions Action statements which shall include detail for all investment transactions Actions made by the Issuing and Paying Agent hereunder.

The Issuing and Paying Agent shall not be liable for any loss from any investments made by the Issuing and Paying Agent in accordance with this Issuing and Paying Agent Agreement.

## ARTICLE VI

### NET REVENUES

**Section 6.01 Pledge of Net Revenues.** The Commercial Paper Notes and the Bank Notes are special, limited obligations of the Authority and are payable as to both principal and interest exclusively from the Net Revenues and other funds pledged hereunder. All Net Revenues are hereby pledged to secure the payment of the principal of and interest on the Commercial Paper Notes and the Bank Notes in accordance with their terms, subject only to the provisions of this Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein. There are hereby pledged to secure the payment of the principal of and interest on the Commercial Paper Notes and the Bank Notes, each in accordance with their terms, all amounts held by the Issuing and Paying Agent hereunder subject only to the provisions of this Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein. Said pledge shall be valid and binding from and after delivery by the Issuing and Paying Agent of the Commercial Paper Notes and the incurrence by the Authority of any Bank Notes.

Out of Net Revenues there shall be applied as hereinafter set forth all sums required for the payment of the principal of and interest on the Commercial Paper Notes and the Bank Notes. All remaining Net Revenues, after making the foregoing allocation, shall be available to the Authority for any purpose for which the Authority may use Net Revenues under the Senior Lien Indenture. The pledge of Net Revenues herein made shall be irrevocable until all of the Commercial Paper Notes and all Bank Notes are no longer outstanding and the payment of any related obligations of the Authority under any liquidity or credit agreement (including any Liquidity Facility) relating thereto.

**Section 6.02 Limited Obligation.** Anything herein to the contrary notwithstanding, the Commercial Paper Notes and the Bank Notes shall not constitute a debt of the District, the Merced Irrigation District or the State or any political subdivision thereof (other than the Authority) and none of the State, the District or the Merced Irrigation District shall be liable with respect thereto, and the Commercial Paper Notes, the Bank Notes and any other obligations of the Authority hereunder shall not be payable out of any funds of the Authority other than from Net Revenues available therefor pursuant to the Senior Lien Indenture and this Issuing and Paying Agent Agreement (subject to disbursements in accordance with the provisions of this Issuing and Paying Agent Agreement), and nothing contained herein or in the Commercial Paper Notes or the Bank Notes shall be considered as pledging any other funds or assets of the Authority.

Neither the Commission of the Authority nor any officer or employee thereof shall be liable or obligated for the payment of the principal of and interest on any Commercial Paper Notes or Bank Notes or for any payment agreed to be made or contemplated pursuant to the terms of this Issuing and Paying Agent Agreement, save from Net Revenues and the other moneys pledged thereto under the terms of this Issuing and Paying Agent Agreement remaining after payment of the Senior Lien Bonds.

## ARTICLE VII

### COVENANTS OF THE AUTHORITY

**Section 7.01 Punctual Payment.** The Authority will punctually pay or cause to be paid the principal of and interest on the Commercial Paper Notes and the Bank Notes, in strict conformity with the terms of the Commercial Paper Notes or the Bank Notes, as the case may be, and this Issuing and Paying Agent Agreement, but in each case only out of Net Revenues as provided herein.

**Section 7.02 Further Assurances.** The Authority will make, execute and deliver any and all such instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Issuing and Paying Agent Agreement and for the better assuring and confirming to the Owners of the Commercial Paper Notes and the Bank Notes the rights and benefits provided herein.

**Section 7.03 Liquidity Facility; Substitute Liquidity Facility.** Prior to the issuance of Commercial Paper Notes of any Series or subseries thereof, the Authority will procure, and will at all times maintain in effect, for the Commercial Paper Notes of each such Series or subseries one or more Liquidity Facilities enabling it to borrow an aggregate amount at least equal to the principal amount of each such Series and/or subseries of the Commercial Paper Notes then Outstanding or at that time proposed to be issued hereunder. Neither the Authority nor the Issuing and Paying Agent will deliver to any Bank a request or instructions to reduce (at the direction of the Authority) the Commitment of a Bank under a Liquidity Facility for any Series or subseries of the Commercial Paper Notes if as a result of such reduction the principal amount of the Commercial Paper Notes or any Series or subseries thereof then Outstanding would exceed the sum of the Commitments of the Banks then available under the applicable Liquidity Facilities therefor (or, in the case of any Series or subseries of the Commercial Paper Notes, the related Commitment under the related Liquidity Facility or Facilities).

The Authority may at any time and from time to time obtain a substitute or alternate Liquidity Facility to replace any Liquidity Facility then in effect. The Authority shall cause the Issuing and Paying Agent to provide written notice by first-class mail, postage prepaid, or by electronic means of communication to the applicable Owners and the Dealers for the Series and/or subseries of the Commercial Paper Notes for which a Liquidity Facility is to be replaced no less than 30 days prior to the proposed delivery of the substitute or alternate Liquidity Facility (unless 30 days' notice is not practical, in which case notice shall be given as soon as practical). Such substitute or alternate Liquidity Facility must go into effect on a date on which all Commercial Paper Notes of the applicable Series or subseries to be supported thereby then Outstanding are scheduled to mature. Prior to the Issuing and Paying Agent's release of an existing Liquidity Facility and acceptance of a substitute or alternate Liquidity Facility, the following shall be delivered to the Issuing and Paying Agent: (i) a legal opinion of counsel to the successor Bank to the effect that the substitute or alternate Liquidity Facility is a legal, valid and binding obligation of the issuing Bank and is enforceable against such Bank in accordance with its terms; (ii) an opinion of Bond Counsel to the effect that the substitution of the Liquidity Facility is authorized under the Issuing and Paying Agent Agreement, and (with respect to Commercial Paper Notes other than Commercial Paper Notes designated as Taxable), an opinion of Bond Counsel to the effect that the substitution of the Liquidity Facility will not, in and of itself, adversely affect the exclusion from gross income for federal tax purposes of interest on such Commercial Paper Notes; (iii) written evidence from each Rating Agency of the rating on the Commercial Paper Notes on and after the delivery of such substitute or

alternate Liquidity Facility; and (iv) a revised Exhibit F hereto reflecting the delivery of such substitute or alternate Liquidity Facility. The Issuing and Paying Agent shall promptly give notice of the acceptance of such substitute or alternate Liquidity Facility to the applicable Owners and the Dealers for the Series and/or subseries of the Commercial Paper Notes to be supported thereby by first-class mail, postage prepaid, or by electronic means of communication.

**Section 7.04 Tax Covenants.** The Authority covenants that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion of the interest on the Commercial Paper Notes which have been designated as Tax-Exempt from gross income under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with all requirements and covenants contained in the Tax Certificate. In the event that at any time the Authority is of the opinion that for purposes of this Section 7.04 it is necessary to restrict or limit the yield on the investment of any moneys held by the Issuing and Paying Agent under this Issuing and Paying Agent Agreement, the Authority shall so instruct the Issuing and Paying Agent in writing, and the Issuing and Paying Agent shall take such action as may be necessary in accordance with such instructions, subject in all respects to the terms of this Issuing and Paying Agent Agreement.

Notwithstanding any provision of this Section 7.04 and Section 7.05 hereof, if the Authority shall receive an opinion of Bond Counsel to the effect that any action required under the Tax Certificate or this Section 7.04 and Section 7.05 hereof is no longer required, or to the effect that some further action is required, to maintain the exclusion pursuant to Section 103 of the Code of the interest on the Commercial Paper Notes which have been designated as Tax-Exempt from gross income, the Authority and the Issuing and Paying Agent may rely conclusively on such opinion in complying with the provisions hereof, and the covenants hereunder shall be deemed to be modified to that extent.

**Section 7.05 Rebate to United States.** The Authority will pay or cause to be paid to the United States Government the amount required by Section 148(f) of the Code and any regulations promulgated thereunder at the times required thereby. To further the satisfaction of such rebate requirement, there is hereby created, to be held by the Issuing and Paying Agent as separate fund for the Commercial Paper Notes which are Tax-Exempt distinct from all other funds and accounts held by the Issuing and Paying Agent under this Issuing and Paying Agent Agreement, a fund designated as the "Rebate Fund." The Issuing and Paying Agent shall hold any payments received from the Authority for deposit in the Rebate Fund for purposes of ultimate rebate to the United States, all as more particularly described in the Tax Certificate. Pending payment to the United States, moneys held in the Rebate Fund are hereby pledged to secure such payments to the United States as provided herein and in the Tax Certificate, and none of the Authority, the Owners or any other person shall have any rights in or claim to such moneys.

Computations of the rebate amount and all calculations under this Section 7.05 and the Tax Certificate shall be furnished by or on behalf of the Authority. The Issuing and Paying Agent shall be deemed conclusively to have complied with the provisions of this Section 7.05 if it follows the payment directions of the Authorized Representative. The Issuing and Paying Agent shall have no liability or responsibility to enforce compliance by the Authority with the Tax Certificate. The Issuing and Paying Agent shall have no obligation to pay any amounts required to be rebated to the United States pursuant to this Section 7.05 and the Tax Certificate, other than from moneys required to be held in the funds and accounts created under this Issuing and Paying Agent Agreement, including the Rebate Fund, or from other moneys provided to it for such purpose by the Authority.

**Section 7.06 Taxable Commercial Paper Notes.** Notwithstanding anything in this Issuing and Paying Agent Agreement to the contrary, in the event the Authority designates any Series or subseries of Commercial Paper Notes as Taxable, the provisions of Sections 7.04 and 7.05 hereof shall not apply to such Series or subseries of Commercial Paper Notes.

## **ARTICLE VIII**

### **EVENTS OF DEFAULT AND REMEDIES OF OWNERS**

**Section 8.01 Events of Default.** The following shall constitute Events of Default hereunder:

(a) with respect to Commercial Paper Notes, if default shall be made in the due and punctual payment of the principal of or interest on any Commercial Paper Note when and as the same shall become due and payable;

(b) with respect to Commercial Paper Notes only, if the principal of any Bank Note shall be declared due and payable prior to the maturity thereof pursuant to such Bank Note or the related Liquidity Facility as a result of a default thereunder; or

(c) if the Authority shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained herein or in the Commercial Paper Notes on the part of the Authority to be performed and such default shall continue for sixty (60) days after written notice specifying such default and requiring same to be remedied shall have been given to the Authority by the Owners of not less than twenty-five percent (25%) in principal amount of the Outstanding Commercial Paper Notes.

**Section 8.02 Remedies.** Upon the happening and continuance of any Event of Default specified in Section 8.01 hereof with respect to Commercial Paper Notes, then and in every such case, the Owner of any Commercial Paper Note shall be entitled to proceed to protect and enforce such Owner's rights by such appropriate judicial proceeding as such Owner shall deem most effectual to protect and enforce any such right, either by suit in equity or by action in law, whether for specific performance of any covenant or agreement contained herein, or in aid of the exercise of any power granted hereby, or to enforce any other legal or equitable right vested in the Owners of the Commercial Paper Notes or by law; *provided, however*, that the principal of all Outstanding Commercial Paper Notes and the interest accrued thereon may not be declared to be due and payable except upon the happening and continuance of an event of default specified in Section 8.01(a) hereof.

**Section 8.03 Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Owners of the Commercial Paper Notes is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

## **ARTICLE IX**

### **THE ISSUING AND PAYING AGENT**

**Section 9.01 Appointment and Acceptance of Issuing and Paying Agent.** The Authority hereby appoints U.S. Bank Trust Company, National Association as Issuing and Paying

Agent hereunder. The Issuing and Paying Agent agrees to perform all the functions and duties of the Issuing and Paying Agent hereunder, subject to the terms and conditions set forth herein. The Issuing and Paying Agent shall signify its acceptance of the duties and obligations of Issuing and Paying Agent imposed upon it hereby by the execution and delivery of this Issuing and Paying Agent Agreement.

**Section 9.02 Reports, Records and Accounts.** The Issuing and Paying Agent shall at all times keep or cause to be kept proper books and records, as shall be consistent with sound industry practice, in which complete and accurate entries shall be made of all transactions, including, without limitation a complete record of all Issuance Requests, made by it relating to the Commercial Paper Notes and Bank Notes and all funds, accounts and subaccounts established and maintained by the Issuing and Paying Agent hereunder. Such books and records shall be available for inspection by the Authority and the Banks on each Business Day during reasonable business hours and, if so requested, by any Owner of Commercial Paper Notes or its agent or representative duly authorized in writing at reasonable hours upon reasonable notice.

The Issuing and Paying Agent shall maintain such books, records and accounts as may be necessary to evidence the obligations of the Authority resulting from the Commercial Paper Notes and the Bank Notes, the principal amounts owing thereunder, the maturity schedule therefor, the respective rates of interest thereon and the principal and interest paid from time to time thereunder. The Issuing and Paying Agent agrees to provide to the Authority each month a report of the amounts deposited in each fund, account and subaccount held by it hereunder and the amount disbursed from such funds, accounts and subaccounts, the earnings thereon, if any, the investments in each such fund, account and subaccount and the ending balance thereof. Such report shall further set forth such information regarding the authentication and issuance of Commercial Paper Notes and Bank Notes during the subject month in the manner agreed upon by the Authority and the Issuing and Paying Agent.

**Section 9.03 Duties of the Issuing and Paying Agent.**

(a) The Issuing and Paying Agent's duties and responsibilities in connection with the issuance of the Commercial Paper Notes and Bank Notes shall include:

(i) to hold each Master Note Certificate representing a Series or subseries of the Commercial Paper Notes in safekeeping;

(ii) upon receipt of each Issuance Request received from the Authority, to assign a CUSIP number to the Commercial Paper Note or Notes of the applicable Series or subseries;

(iii) to cause to be delivered a Commercial Paper Note or Notes on behalf of the Authority upon receipt of an Issuance Request with instructions from an Authorized Representative, as to the principal amount, registered owner, date of issue, maturity date and interest rate, by way of data entry transfer to the DTC Same Day Funds Settlement System ("SDFS"), and to receive from SDFS a confirmation receipt that such delivery was effected;

(iv) to credit the proceeds of sales of the Commercial Paper Notes to the appropriate account and subaccount of Payment Fund and to transfer such amounts to the appropriate subaccount of the Commercial Paper Note Payment Account of the Payment Fund in the amounts

necessary to pay principal of or interest on maturing Commercial Paper Notes of related Series or subseries;

(v) to transfer any remaining proceeds of the sales of the Commercial Paper Notes after the credits pursuant to paragraph (iv) above to the Authority or to such other fund, account or subaccount as an Authorized Representative may instruct; and

(vi) to hold the amounts on deposit in each subaccount of the Bank Note Payment Account separate from all other funds and accounts of the Issuing and Paying Agent and to apply such amounts in accordance with the terms hereof.

The Issuing and Paying Agent shall have no duty or responsibility to make any transfer of the proceeds of the sale of the Commercial Paper Notes, or to advance any moneys or effect any credit with respect to such proceeds or transfers, unless and until (1) the Issuing and Paying Agent has actually received the proceeds of the sale of the Commercial Paper Notes, and (2) such receipt of the proceeds is not subject to reversal or cancellation.

(b) The Issuing and Paying Agent's duties and responsibilities in connection with the payment of the Commercial Paper Notes and Bank Notes shall include:

(i) to credit amounts received from the Authority for the payment of the principal of or interest on the applicable Series or subseries of Commercial Paper Notes to the appropriate subaccount of the Commercial Paper Note Payment Account;

(ii) in accordance with Section 5.03 hereof, when required, to make the necessary and timely requests for Advances under each Liquidity Facility in accordance with the terms and provisions thereof as may be necessary in order to effectuate the timely payment of principal of and interest on the applicable Series or subseries of Commercial Paper Notes supported by such Liquidity Facility as the same becomes due in accordance herewith and therewith;

(iii) to credit amounts received from each Bank as a result of Advances under the applicable Liquidity Facility for a Series or subseries of Commercial Paper Notes to the appropriate subaccount of the Commercial Paper Note Payment Account;

(iv) upon presentment at maturity of a Commercial Paper Note or Notes, to pay the principal of and interest on the Commercial Paper Note or Notes to the Owner(s) thereof;

(v) to credit amounts received from the Authority for the payment of the principal of and interest on Bank Notes to the appropriate subaccount of the Bank Note Payment Account;

(vi) to apply the amounts on deposit in each subaccount of the Bank Note Payment Account to make payments due to each Bank on the applicable Bank Notes under the related Liquidity Facility in accordance with the terms hereof and the applicable Liquidity Facility; and

(vii) to keep amounts on deposit in each account and subaccount of the Payment Fund separate from all other funds and accounts of the Issuing and Paying Agent and to utilize such amounts in accordance with the terms hereof.

The Issuing and Paying Agent shall have no obligation to pay amounts due on the applicable Series or subseries of Commercial Paper Notes at their maturity other than from Advances under the related Liquidity Facility, or, if a Bank fails to honor a draw on the applicable Liquidity Facility, from funds received by the Issuing and Paying Agent from the Authority or the applicable Dealer for the account of the Authority.

**Section 9.04 Compensation of Issuing and Paying Agent.** The Authority covenants to pay to the Issuing and Paying Agent from time to time, and the Issuing and Paying Agent shall be entitled to, compensation for all services rendered by it in the exercise and performance of any of the powers and duties hereunder of the Issuing and Paying Agent, in accordance with the schedule of fees furnished by Issuing and Paying Agent to the Authority from time to time, and the Authority will pay or reimburse the Issuing and Paying Agent upon its request for all expenses, disbursements and advances incurred or made by the Issuing and Paying Agent in accordance with the provisions of this Issuing and Paying Agent Agreement (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise directly from its negligence, default or willful misconduct (as determined by a final non-appealable decision of a court of competent jurisdiction). The obligations of the Authority under this Section 9.04 shall survive any termination of this Issuing and Paying Agent Agreement and the resignation or removal of Agent.

**Section 9.05 Liability of Issuing and Paying Agent.**

(a) Issuing and Paying Agent's duties and obligations shall be determined solely by the express provisions of this Issuing and Paying Agent Agreement and the Letter of Representations (including the documents referred to therein) and Issuing and Paying Agent shall be responsible for the performance of only such duties and obligations as are specifically set forth herein and therein, and no implied duties or covenants shall be read into any such document against Issuing and Paying Agent. Issuing and Paying Agent has no fiduciary or discretionary duties of any kind. Issuing and Paying Agent shall have no liability under and no duty to inquire as to the provisions of any agreement other than this Issuing and Paying Agent Agreement. The recitals of facts herein and in the Commercial Paper Notes contained shall be taken as statements of the Authority, and the Issuing and Paying Agent assumes no responsibility for the correctness of the same, and makes no representations as to the validity or sufficiency of this Issuing and Paying Agent Agreement or of the Commercial Paper Notes as to the sufficiency of the Authority revenues for the payment thereof, and shall not incur any responsibility in respect of any such matter, other than in connection with the duties or obligations expressly herein or in the Commercial Paper Notes assigned to or imposed upon it. The Issuing and Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence, or willful misconduct (as determined by a final non-appealable decision of a court of competent jurisdiction). The Issuing and Paying Agent and its directors, officers, employees or agents may in good faith buy, sell, own, hold and deal in any of the Commercial Paper Notes and may join in any action which any Owner of a Commercial Paper Note may be entitled to take, with like effect as if the Issuing and Paying Agent was not the Issuing and Paying Agent under this Issuing and Paying Agent Agreement. The Issuing and Paying Agent may in good faith hold any other form of indebtedness of the Authority, own, accept or negotiate any drafts, bills of exchange, acceptances or obligations of the Authority and make disbursements for the Authority and enter into any commercial or business arrangement therewith, without limitation.

(b) The Issuing and Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Issuing and Paying

Agent was negligent in ascertaining the pertinent facts. The Issuing and Paying Agent may execute any of the duties or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of its duties hereunder, and the Issuing and Paying Agent shall not be liable for the negligence, default or misconduct of any such attorney, agent, or receiver selected by it with due care.

(c) No provision of this Issuing and Paying Agent Agreement shall require the Issuing and Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance or exercise of any of its duties hereunder, or in the exercise of its rights or powers, if repayment of such funds or adequate indemnity against such risk or liability is not assured to its satisfaction.

(d) The Issuing and Paying Agent shall not be deemed to have knowledge of and shall not be required to take any action with respect to, any Event of Default (other than an Event of Default described in subsection (a) of Section 8.01 hereof) or event which would, with the giving of notice, the passage of time or both, constitute an Event of Default, unless the Issuing and Paying Agent shall have actual knowledge of such event or shall have been notified in writing of such event by the Authority, the Bank, or an Owner. Without limiting the generality of the foregoing, the Issuing and Paying Agent shall not be required to ascertain, monitor or inquire as to the performance or observance by the Authority of the terms, conditions, covenants or agreements set forth in Article VII hereof (including, without limitation, the covenants of the Authority set forth in Sections 7.04 or 7.05 hereof), other than the covenants of the Authority to make payments with respect to the Commercial Paper Notes when due as set forth in Section 7.01 and to file with the Issuing and Paying Agent when due, such reports and certifications as the Authority is required to file with the Issuing and Paying Agent hereunder.

**Section 9.06 Authorized Representatives; Right of Issuing and Paying Agent to Rely on Documents.** The Issuing and Paying Agent agrees to accept and act upon manual, electronic or facsimile transmission of written instructions and/or directions pursuant to this Issuing and Paying Agent Agreement provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Issuing and Paying Agent shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Issuing and Paying Agent shall have received a current incumbency certificate containing the specimen signature of such designated person.

With the delivery of this Issuing and Paying Agent Agreement, the Authority is furnishing to Issuing and Paying Agent, and from time to time thereafter may furnish to the Issuing and Paying Agent, and shall furnish to the Issuing and Paying Agent upon the Issuing and Paying Agent's request, certificates ("Incumbency Certificates") of an Authority officer certifying the incumbency and specimen signatures of officers or agents of the Authority authorized to execute Commercial Paper Notes on behalf of the Authority by manual, electronic or facsimile signature and/or to take other action hereunder on behalf of the Authority (each an "Authorized Representative"). Until the Issuing and Paying Agent receives and has a reasonable time to act upon a subsequent Incumbency Certificate of the Authority, the Issuing and Paying Agent is entitled to rely on the last such Incumbency Certificate delivered to Issuing and Paying Agent for purposes of determining the Authorized Representatives. The Issuing and Paying Agent shall not have any responsibility to the Authority to determine by whom or by what means a facsimile or electronic signature may have been affixed on the Commercial Paper Notes, or to determine whether any signature resembles the



specimen signature(s) filed with the Issuing and Paying Agent by a duly authorized officer of the Authority. Any Commercial Paper Notes bearing the manual or facsimile signature of a person who is an Authorized Representative on the date such signature is affixed shall be binding on the Authority after the authentication thereof by the Issuing and Paying Agent notwithstanding that such person shall have died or shall have otherwise ceased to hold their office on the date such Commercial Paper Note is countersigned or delivered to Issuing and Paying Agent. The Authority represents and warrants that each Authorized Representative may appoint other officers, employees and agents of the Authority (an "Authorized Person") including without limitation any Dealers, to give notices and/or issuance instructions to the Issuing and Paying Agent under this Issuing and Paying Agent Agreement, provided that notice of the appointment of each Authorized Person is delivered to the Issuing and Paying Agent in writing. Each such appointment shall remain in effect unless and until revoked by the Authority in a written notice to the Issuing and Paying Agent.

Whenever in the administration of the duties imposed upon it by this Issuing and Paying Agent Agreement the Issuing and Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Authority, and such Certificate shall be full warrant to the Issuing and Paying Agent for any action taken or suffered in good faith under the provisions of this Issuing and Paying Agent Agreement in reliance upon such Certificate, but in its discretion the Issuing and Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable. The Issuing and Paying Agent may consult with counsel, including, without limitation, counsel of or to the Authority, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith unless it shall be proved that the Issuing and Paying Agent was negligent in ascertaining the pertinent facts. The Issuing and Paying Agent may also rely conclusively on any report or certification of any certified public accountant, investment banker, financial consultant, or other expert selected by the Authority or selected by the Issuing and Paying Agent with due care in connection with matters required to be proven or ascertained in connection with its administration of the duties created hereby.

The Issuing and Paying Agent shall incur no liability to the Authority in acting hereunder upon instructions contemplated hereby which the Issuing and Paying Agent believed in good faith to have been given by an Authorized Representative or an Authorized Person, as the case may be. Instructions transmitted via SPANS Online (as defined in Article 12 hereof) shall be the equivalent to the giving of a duly authorized written instruction which Issuing and Paying Agent may act upon without liability. In the event a discrepancy exists between any telephonic instructions and any other such instructions, the telephonic instructions as understood by Issuing and Paying Agent will be deemed to control.

**Section 9.07 Indemnification of Issuing and Paying Agent.** To the extent permitted by law, the Authority agrees to indemnify, protect, save and keep harmless the Issuing and Paying Agent and its directors, officers, employees agents and affiliates (collectively, the "Indemnified Parties") against any costs, expenses, fees (including reasonable legal fees), losses, damages, liabilities, penalties, costs and expenses of any kind or nature (including without limitation reasonable attorneys' fees, costs and expenses) which may be imposed on, incurred by, or asserted against, the Indemnified Parties at any time, whether direct, indirect or consequential, as a result of or arising from or in any way relating to any claim, demand, suit, action or proceeding (including any

inquiry or investigation) by any person or entity, including without limitation the Authority, any Dealer or any purchaser of Commercial Paper Notes, whether threatened or initiated, asserting a claim for any legal or equitable remedy against any person under any statute or regulation, including, but not limited to, any federal or state securities laws, or under any common law or equitable cause or otherwise, arising from or in connection with the negotiation, preparation, execution, performance or failure of performance in connection with this Issuing and Paying Agent Agreement or any transactions contemplated herein, whether or not any such Indemnified Party is a party to any such action, proceeding, suit or the target of any such inquiry or investigation (in the exercise or performance of its powers and duties under this Issuing and Paying Agent Agreement; provided, however, that the Authority shall not be required to indemnify the Issuing and Paying Agent for costs, expenses, fees, losses and liabilities arising directly out of negligence, willful breach or misconduct of the Indemnified Parties (as determined by a final non-appealable decision of a court of competent jurisdiction). In no event shall the Authority or the Issuing and Paying Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section 9.07. The indemnities contained in this Section 9.07 shall survive the termination of this Issuing and Paying Agent Agreement and the resignation or removal of the Issuing and Paying Agent.

#### **Section 9.08 Resignation and Removal of Issuing and Paying Agent.**

(a) The Authority may remove the Issuing and Paying Agent at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Issuing and Paying Agent if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate amount of principal of the Commercial Paper Notes then Outstanding (or their attorneys duly authorized in writing) or if at any time the Issuing and Paying Agent shall cease to be eligible in accordance with subsection (d) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Issuing and Paying Agent or its property shall be appointed, or any public officer shall take control or charge of the Issuing and Paying Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Issuing and Paying Agent, and thereupon shall appoint a successor Issuing and Paying Agent by an instrument in writing.

(b) The Issuing and Paying Agent may at any time resign by giving written notice of such resignation to the Authority, the Bank and the Dealer. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Issuing and Paying Agent by an instrument in writing. Prior to any voluntary resignation or any sale, assignment, merger, consolidation or reorganization by the Issuing and Paying Agent, the Issuing and Paying Agent shall pay to the Authority any and all amounts which will be payable by the Authority to the Bank due to any resulting transfer of the Liquidity Facility.

(c) Any removal or resignation of the Issuing and Paying Agent and appointment of a successor Issuing and Paying Agent shall become effective upon acceptance of appointment by the successor Issuing and Paying Agent. If no successor Issuing and Paying Agent shall have been appointed and have accepted appointment within sixty (60) days of giving notice of removal or notice of resignation as aforesaid, the resigning Issuing and Paying Agent, any Owner (on behalf of himself or herself and all other Owners) or the Bank may petition any court of competent jurisdiction for the appointment of a successor Issuing and Paying Agent, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Issuing and Paying Agent. Any

successor Issuing and Paying Agent appointed under this Issuing and Paying Agent Agreement, shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Issuing and Paying Agent a written acceptance thereof, and thereupon such successor Issuing and Paying Agent, without any further the Authority act, deed or conveyance, shall become vested with all the moneys, properties, rights, powers, duties and obligations of such predecessor Issuing and Paying Agent (and including all rights, powers and duties in connection with the Liquidity Facilities), with like effect as if originally named Issuing and Paying Agent herein; but, nevertheless at the Request of the Authority or the request of the successor Issuing and Paying Agent, such predecessor Issuing and Paying Agent shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Issuing and Paying Agent all the right, title and interest of such predecessor Issuing and Paying Agent in and to any property held by it under this Issuing and Paying Agent Agreement (including the Liquidity Facilities) and shall pay over, transfer, assign and deliver to the successor Issuing and Paying Agent any money or other property subject to the conditions herein set forth. Upon request of the successor Issuing and Paying Agent, the Authority shall execute and deliver any and all instruments, including the current Liquidity Facilities in place, as may be reasonably required for more fully and certainly vesting in and confirming to such successor Issuing and Paying Agent all such moneys, estates, properties, rights, powers, duties and obligations. Upon acceptance of appointment by a successor Issuing and Paying Agent as provided in this subsection, the Authority shall give notice of the succession of such Issuing and Paying Agent hereunder by mail to the Bank and the Dealer.

(d) Any Issuing and Paying Agent appointed under the provisions of this Section 9.08 in succession to the Issuing and Paying Agent shall be a trust company or bank having the powers of a trust company having a combined capital and surplus of at least fifty million dollars (\$50,000,000), subject to supervision or examination by federal or state authority, and having a Corporate Trust Office in New York, New York. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Issuing and Paying Agent shall cease to be eligible in accordance with the provisions of this subsection (d), the Issuing and Paying Agent shall resign promptly in the manner and with the effect specified in this Section 9.08.

**Section 9.09 Merger or Consolidation.** Any company into which the Issuing and Paying Agent may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Issuing and Paying Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (d) of Section 9.08 hereof, shall be the successor to such Issuing and Paying Agent without the execution or filing of any paper or any further the Authority act, anything herein to the contrary notwithstanding.

## ARTICLE X

### MODIFICATION OR AMENDMENT OF THIS ISSUING AND PAYING AGENT AGREEMENT

**Section 10.01 Amendments or Modifications Without Consent of Owners.** This Issuing and Paying Agent Agreement and the rights and obligations of the Authority, of the Issuing and

Paying Agent and of the Owners of the Commercial Paper Notes may be modified or amended at any time by a Supplement, which the Authority and Issuing and Paying Agent may enter into without the consent of any Owners but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority in this Issuing and Paying Agent Agreement contained other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority;

(2) to make provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Issuing and Paying Agent Agreement;

(3) to facilitate the delivery of the Commercial Paper Notes in registered form, including a system of book-entry registration, or to discontinue the issuance of Commercial Paper Notes in book-entry only form and to issue the Commercial Paper Notes in fully certificated form;

(4) to supplement the security for the Commercial Paper Notes, replace or provide additional or alternate liquidity or credit facilities, or change the form of the Commercial Paper Notes or make such other changes in the provisions hereof as the Authority may deem necessary or desirable and which shall not materially and adversely affect the interests of the Owners of the Commercial Paper Notes;

(5) in connection with Commercial Paper Notes which are or which are to be issued as Tax-Exempt, to make such provisions as are necessary or appropriate to maintain the exclusion of interest on such Commercial Paper Notes from gross income for purposes of federal income taxation;

(6) for any other purpose that does not materially and adversely affect the interests of the Owners of the Commercial Paper Notes or the Bank, including, without limitation, to provide for changes requested by a Rating Agency in order to obtain or maintain a credit rating for any Series or subseries of Commercial Paper Notes; and

(7) to provide for any modification or amendment of this Issuing and Paying Agent Agreement which will only apply to the Commercial Paper Notes to be issued after the effective date of such modification or amendment.

Notwithstanding any other provision hereof, no modification or amendment hereto affecting the rights, remedies or security of any Bank hereunder shall be entered into without the prior written consent of such Bank.

**Section 10.02 Amendments or Modifications With Consent of Owners.** This Issuing and Paying Agent Agreement and the rights and obligations of the Authority, the Owners of the Commercial Paper Notes and the Issuing and Paying Agent may also be modified or amended at any time by a Supplement, which the Authority and the Issuing and Paying Agent may enter into with the written consent of the Bank and the Owners of a majority in aggregate principal amount of the Commercial Paper Notes (or, if such Supplement is only applicable to a Series or subseries of Commercial Paper Notes, the Owners of a majority in aggregate principal amount of such Series or

subseries of Commercial Paper Notes) then Outstanding and which shall have been filed with the Issuing and Paying Agent; provided, that if such modification or amendment will, by its terms, not take effect so long as any Commercial Paper Notes of any particular maturity remain Outstanding, the consent of the Owners of such Commercial Paper Notes shall not be required and such Commercial Paper Notes shall not be deemed to be Outstanding for the purpose of any calculation of Commercial Paper Notes Outstanding under this Section 10.02.

No such modification or amendment shall (A) extend the fixed maturity of any Commercial Paper Note, or reduce the amount of principal thereof, or extend the time of payment provided for any Commercial Paper Note, or reduce the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Commercial Paper Note so affected, or (B) reduce the aforesaid percentage of principal the consent of the Owners of which is required to effect any such modification or amendment, or reduce or restrict the pledge made pursuant to Section 6.01 hereof without the consent of the Owners of all of the Commercial Paper Notes then Outstanding and all of the Banks providing Liquidity Facilities. It shall not be necessary for the consent of the Owners to approve the particular form of any Supplement, but it shall be sufficient if such consent shall approve the substance thereof.

**Section 10.03 Effect of Supplement.** From and after the time any Supplement becomes effective pursuant to this Article, this Issuing and Paying Agent Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Issuing and Paying Agent Agreement of the Authority, the Bank, the Issuing and Paying Agent, and all Owners of Commercial Paper Notes Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplement shall be deemed to be part of the terms and conditions of this Issuing and Paying Agent Agreement for any and all purposes.

**Section 10.04 Amendment of Particular Notes.** The provisions of this Article shall not prevent any Owner from accepting any amendment as to the particular Commercial Paper Notes held by him, provided that due notation thereof is made, or caused to be made, on such Commercial Paper Notes by the Authority.

## ARTICLE XI

### DEFEASANCE

**Section 11.01 Payment of Notes.** Commercial Paper Notes of any Series or subseries or portion thereof may be paid by the Authority in any of the following ways:

- (i) by paying or causing to be paid the principal of and interest on such Outstanding Commercial Paper Notes, as and when the same become due and payable;
- (ii) by depositing with the Issuing and Paying Agent, an escrow agent or other fiduciary, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 11.03 hereof) to pay such Outstanding Commercial Paper Notes; or
- (iii) by delivering to the Issuing and Paying Agent, for cancellation by it, such Outstanding Commercial Paper Notes.

If the Authority shall pay all Series for which any Commercial Paper Notes are Outstanding and also pay or cause to be paid all other sums payable hereunder by the Authority and provided that the applicable Bank(s) shall have been paid in full all amounts then owing under any Liquidity Facilities, then and in that case, at the election of the Authority (evidenced by a Certificate of the Authority, filed with the Issuing and Paying Agent and each of the Banks, signifying the intention of the Authority to discharge all such indebtedness and this Issuing and Paying Agent Agreement), and notwithstanding that any Commercial Paper Notes shall not have been surrendered for payment, this Issuing and Paying Agent Agreement and the pledge pursuant to Section 6.01 hereof made under this Issuing and Paying Agent Agreement and all covenants, agreements and other obligations of the Authority under this Issuing and Paying Agent Agreement shall cease, terminate, become void and be completely discharged and satisfied, and no additional Commercial Paper Notes shall be issued hereunder. In such event, upon the Request of the Authority, the Issuing and Paying Agent shall cause an accounting for such period or periods as may be requested by the Authority to be prepared and filed with the Authority and shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Issuing and Paying Agent shall pay over, transfer, assign or deliver to the Authority all moneys or securities or other property held by it pursuant to this Issuing and Paying Agent Agreement which are not required for the payment of Commercial Paper Notes not theretofore surrendered for such payment; provided that in all events moneys in the Rebate Fund shall be subject to the provisions of Sections 7.04 and 7.05 hereof.

**Section 11.02 Discharge of Liability on Commercial Paper Notes.** Upon the irrevocable deposit with the Issuing and Paying Agent, escrow agent or other fiduciary, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 11.03 hereof) to pay any Outstanding Commercial Paper Note, then (provided that the applicable Bank has been paid in full all amounts then owing under the related Liquidity Facility) all liability of the Authority in respect of such Commercial Paper Note shall cease, terminate and be completely discharged, provided that the Owner thereof shall thereafter be entitled to the payment of the principal of and interest on such Commercial Paper Note, and the Authority shall remain liable for such payment, but only out of such money or securities deposited as aforesaid for such payment, subject, however, to the provisions of Section 11.04 hereof and the continuing duties of the Issuing and Paying Agent hereunder including, without limitation, the provisions of Section 2.07 hereof.

The Authority may at any time surrender to the Issuing and Paying Agent for cancellation by it any Commercial Paper Notes previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such Commercial Paper Notes, upon such surrender and cancellation, shall be deemed to be paid and retired.

**Section 11.03 Deposit of Money or Securities with Issuing and Paying Agent.** Whenever it is provided or permitted herein that there be deposited with or held in trust money or securities in the necessary amount to pay any Commercial Paper Notes, the money or securities so to be deposited or held may include money or securities held by the Issuing and Paying Agent in the funds and accounts (other than the Bank Note Payment Account) established pursuant to this Issuing and Paying Agent Agreement and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Commercial Paper Notes and all unpaid interest thereon to maturity; or

(ii) noncallable and non-prepayable investment securities consisting of (1) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed as to full and timely payment by, the United States of America, (2) any certificates, receipts, securities or other obligations (excluding mutual funds and unit investment trusts) evidencing ownership of, or the right to receive, a specified portion of one or more interest payments or principal payments, or any combination thereof, to be made on any bond, note, or other obligation described above in clause (1), the principal of and interest on which when due will, in the opinion of an independent certified public accountant delivered to the Issuing and Paying Agent (upon which opinion the Issuing and Paying Agent may conclusively rely), provide money sufficient to pay the principal of and all unpaid interest to maturity, on the Commercial Paper Notes to be paid, as such principal and interest become due; provided, in each case, that the Issuing and Paying Agent, escrow agent or other fiduciary shall have been irrevocably instructed (by the terms of this Issuing and Paying Agent Agreement or by a Request of the Authority) to apply such money to the payment of such principal and interest with respect to such Commercial Paper Notes.

**Section 11.04 Payment of Commercial Paper Notes After Discharge of Agreement.**

Provided that the applicable Banks have been paid in full all amounts then owing under the Liquidity Facilities and the Liquidity Facilities have terminated, any moneys held by the Issuing and Paying Agent in trust for the payment of the principal of, or interest on, any Commercial Paper Notes and remaining unclaimed for two (2) years after the principal of all of the Commercial Paper Notes has become due and payable, if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the Commercial Paper Notes became due and payable, shall be transferred to the State and become subject to the escheat laws of the State free from the trusts created by this Issuing and Paying Agent Agreement, and all liability of the Issuing and Paying Agent with respect to such moneys shall thereupon cease.

**ARTICLE XII**

**MISCELLANEOUS**

**Section 12.01 Successor Is Deemed Included in All References to Predecessor.**

Whenever in this Issuing and Paying Agent Agreement either the Authority or the Issuing and Paying Agent is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Issuing and Paying Agent Agreement contained by or on behalf of the Authority or the Issuing and Paying Agent shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

**Section 12.02 Notices.** Except as otherwise specifically provided herein, all notices and documents required of and provided for under this Issuing and Paying Agent Agreement shall be in writing and shall be delivered by first-class mail (postage prepaid) or overnight express delivery, or by e-mail, facsimile transmission or other electronic means of communication promptly confirmed by mail (postage prepaid), and shall be effective when received at the following addresses or at such other address as a party may designate in a notice delivered to the other party hereto in accordance herewith:

If to the Authority:

Walnut Energy Center Authority  
333 East Canal Drive

P.O. Box 949  
Turlock, CA 95381-0949  
Attention: Treasurer  
Telephone: (209) 883-8222  
E-mail: [bwstubbett@tid.org](mailto:bwstubbett@tid.org)

If to the Issuing and Paying Agent for administrative matters:

U.S. Bank Trust Company, National Association  
100 Wall Street, Suite 600,  
New York, New York 10005  
Attention: Global Corporate Trust Services  
Telephone: (212) 779-225-8163  
E-mail: \_\_\_\_\_ and [mmi.processing@usbank.com](mailto:mmi.processing@usbank.com)

All communications to Agent by or on behalf of the Authority or a Dealer, by writing or telephone, which relate to the completion, delivery or payment of any Commercial Paper Note, are to be delivered to Issuing and Paying Agent via SPANS Online or directed to Commercial Paper Operations at the address or telephone number indicated below or to such other address or telephone number as Agent specifies to Company in writing.

U.S Bank Trust Company, National Association  
111 Fillmore Ave E  
St. Paul, MN 55107

|                |  |
|----------------|--|
| Attention:     | Money Market Operations  |
| Telephone No.: | (651) 466-5617   |
| Email address: | <a href="mailto:mmi.processing@usbank.com">mmi.processing@usbank.com</a> |

If to the Banks:

See Exhibit F

If to the Dealers:

See Exhibit F

**Section 12.03 Notice to Rating Agencies.** The Issuing and Paying Agent shall give notice to each Rating Agency of: (i) any supplements or amendments to or termination of this Issuing and Paying Agent Agreement, (ii) any expiration, substitution, termination or extension of the term of, any Liquidity Facility for the Commercial Paper Notes, (iii) any substitution of the Dealer, (iv) any acceleration or defeasance or payment in full of the Commercial Paper Notes, and (v) the appointment of a successor Issuing and Paying Agent, initially at each respective address given below, or at such other address as may be furnished to the Authority from time to time by each Rating Agency:

Moody's Investors Service, Inc.  
7 World Trade Center



at 250 Greenwich Street  
New York, NY 10007  
Attn: Moody's Municipal Supported Products Surveillance Group  
E-mail: MSPGSurveillance@moodys.com

Standard & Poor's Ratings Services  
55 Water Street, 38th Floor  
New York, NY 10041  
Attn: Municipal Structured Surveillance  
E-mail: pubfin\_structured@spglobal.com

Fitch Ratings, Inc.  
33 Whitehall Street  
New York, NY 10004  
E-mail: pubfinsurv@fitchratings.com

**Section 12.04 Waiver of Notice.** Whenever in this Issuing and Paying Agent Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

**Section 12.05 Authorized Representatives.** The Authority agrees to furnish, from time to time, to the Issuing and Paying Agent a certificate certifying the incumbency and specimen signatures of Authorized Representatives. Until the Issuing and Paying Agent receives a subsequent incumbency certificate of the Authority, the Issuing and Paying Agent is entitled to rely on the last such certificate delivered to it for purposes of determining the Authorized Representatives of the Authority.

**Section 12.06 Evidence of Rights of Owners.** Any request, consent or other instrument required or permitted by this Issuing and Paying Agent Agreement to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Issuing and Paying Agent Agreement and shall be conclusive in favor of the Issuing and Paying Agent and of the Authority if made in the manner provided in this Section 12.06.

The ownership of Commercial Paper Notes shall be proved by the registration books held by the Issuing and Paying Agent pursuant to Section 2.06 hereof. The Issuing and Paying Agent may establish a record date as of which to measure consent of the Owners in order to determine whether the requisite consents are received.

Any request, consent, or other instrument or writing of the Owner of any Commercial Paper Note shall bind every future Owner of the same Commercial Paper Note and the Owner of every Commercial Paper Note issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Issuing and Paying Agent or the Authority in accordance therewith or reliance thereon.

**Section 12.07 Disqualified Notes.** In determining whether the Owners of the requisite aggregate principal amount of Commercial Paper Notes have concurred in any demand, request, direction, consent or waiver under this Issuing and Paying Agent Agreement, Commercial Paper Notes which are owned or held by or for the account of the Authority, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Commercial Paper Notes so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 12.07 if the pledgee shall establish to the satisfaction of the Issuing and Paying Agent the pledgee's right to vote such Commercial Paper Notes and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority. In case of a dispute as to such right, any decision by the Issuing and Paying Agent taken upon the advice of counsel shall be full protection to the Issuing and Paying Agent.

**Section 12.08 Limitation on Bank Rights.** Any provisions herein requiring notice to or from a Bank or the consent of a Bank prior to any action by the Issuing and Paying Agent or the Authority shall have no force or effect (1) following the later of (i) the expiration of the related Liquidity Facility and (ii) the repayment of all monetary obligations owing to the Bank under the Liquidity Facility or (2) during any period in which the Bank is continuing to dishonor a properly presented and conforming drawing under its Liquidity Facility.

**Section 12.09 Destruction or Delivery of Canceled Notes.** Whenever in this Issuing and Paying Agent Agreement provision is made for the cancellation by the Issuing and Paying Agent and the delivery to the Authority of any Commercial Paper Notes, the Issuing and Paying Agent may, in its sole discretion, in lieu of such cancellation and delivery, destroy such Commercial Paper Notes, and deliver a certificate of such destruction to the Authority.

**Section 12.10 Money Held for Particular Notes.** The money held by the Issuing and Paying Agent for the payment of the interest or principal due on any date with respect to particular Commercial Paper Notes shall, pending such payment, be set aside on its books and held in trust by it for the Owners of the Commercial Paper Notes entitled thereto, and for the purposes hereof such principal of and interest on such Commercial Paper Notes, due after such date, shall no longer be considered to be unpaid.

**Section 12.11 Funds and Accounts.** Any fund required by this Issuing and Paying Agent Agreement to be established and maintained by the Issuing and Paying Agent may be established and maintained in the accounting records of the Issuing and Paying Agent, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with customary standards of the corporate trust industry, to the extent practicable, and with due regard for the protection of the security of the Commercial Paper Notes and the rights of every Owner thereof.

**Section 12.12 Waiver of Set-off, Offset Lien or Counterclaims.** The Issuing and Paying Agent hereby waives to the fullest extent possible under applicable law any and all rights of set-off, offset, lien or counterclaim it may have with respect to any amounts held by it hereunder by reason of any claim it may have against the Authority, the Bank or any other person.

**Section 12.13 Payments or Actions on Non-Business Days.** If a payment date is not a Business Day at the place of payment or if any action to be taken hereunder is required to occur on a date that is not a Business Day, then such payment may be made or such action may be taken on the next succeeding Business Day with the same effect as if the payment were made or the action were taken on the stated date, and no interest shall accrue for the intervening period.

**Section 12.14 Waiver of Personal Liability.** No Board member, officer, agent or employee of the Authority or the Issuing and Paying Agent shall be individually or personally liable for the payment of the principal of or interest on the Commercial Paper Notes or Bank Notes or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such Board member, officer, agent or employee of the Authority or the Issuing and Paying Agent from the performance of any official duty provided by law or by this Issuing and Paying Agent Agreement.

**Section 12.15 Benefit of Agreement.** Nothing herein, expressed or implied, is intended to or shall be construed to confer upon or to give to any person or party other than the Authority, the Issuing and Paying Agent, the Bank and the Owners of the Commercial Paper Notes and owners of the Bank Notes any rights, remedies or claims hereunder or by reason hereof or any covenant, condition or stipulation thereof, and no other person shall acquire or have any right under or by virtue hereof.

**Section 12.16 Severability of Invalid Provisions.** If any one or more of the provisions contained in this Issuing and Paying Agent Agreement or in the Commercial Paper Notes shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Issuing and Paying Agent Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Issuing and Paying Agent Agreement, and this Issuing and Paying Agent Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. the Authority hereby declares that it would have executed and delivered this Issuing and Paying Agent Agreement and each and every other Section, subsection, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Commercial Paper Notes and the Bank Notes pursuant hereto irrespective of the fact that any one or more Sections, subsections, paragraphs, sentences, clauses or phrases of this Issuing and Paying Agent Agreement may be held illegal, invalid or unenforceable.

**Section 12.17 Identifying Information.** The parties acknowledge that a portion of the identifying information set forth herein is being requested by Issuing and Paying Agent in connection with the USA Patriot Act, Pub.L.107-56 (the “Act”), and each agrees to provide any additional information requested by Issuing and Paying Agent in connection with the Act or any other legislation or regulation to which Issuing and Paying Agent is subject, in a timely manner.

**Section 12.18 Governing Law.** This Issuing and Paying Agent Agreement shall be construed and governed in accordance with the laws of the State of California.

**Section 12.19 Execution in Counterparts.** This Issuing and Paying Agent Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

**Section 12.20 SPANS Online.**

(a) The Authority and each Authorized Representative may use the U.S. Bank Securities Processing Automated Notes System Online (“SPANS Online”) instruction and reporting communication service to transmit instructions to Issuing and Paying Agent or obtain reports with respect to the Commercial Paper Notes. The Authority may, by separate agreement between the Authority and one or more of its Authorized Persons, authorize the Authorized Person to directly access SPANS Online for the purposes of transmitting instructions to Issuing and Paying Agent or obtaining reports with respect to the Commercial Paper Notes. The Authority acknowledges that (i) some or all of the services utilized in connection with SPANS Online are furnished by SS&C Technologies, Inc. (“SS&C”), (ii) SPANS Online is provided to the Authority “AS IS” without warranties or representations of any kind whatsoever, and (iii) SPANS Online is proprietary and confidential property disclosed to the Authority in confidence and may be utilized only on the SPANS Online Terms and Conditions as set forth in the SPANS Online website and for purposes set forth in this Issuing and Paying Agent Agreement.

(b) To permit the use of SPANS Online to transmit instructions and/or obtain reports with respect to the Commercial Paper Notes, Issuing and Paying Agent will supply the Authority with a customer identification number and initial passwords. The Authority may thereafter change its passwords directly through SPANS Online. The Authority will keep all information relating to its identification number and passwords strictly confidential and will be responsible for the maintenance of adequate security over its customer identification number and passwords. Instructions transmitted over SPANS Online and received by Issuing and Paying Agent pursuant to this Issuing and Paying Agent Agreement shall be deemed conclusive evidence that such instructions are correct and complete and that the issuance or redemption of the Commercial Paper Notes directed thereby has been duly authorized by the Authority.

**Section 12.21 Electronic Transmission; Electronic Signatures.** The Issuing and Paying Agent shall not have any duty to confirm that the person sending any notice, instruction or other communication (a “Notice”) by electronic transmission (including by e-mail, facsimile transmission, web portal or other electronic methods) is, in fact, a person authorized to do so. Electronic signatures believed by Issuing and Paying Agent to comply with the ESIGN Act of 2000 or other applicable law (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other digital signature provider acceptable to the Issuing and Paying Agent) shall be deemed original signatures for all purposes. The Authority assumes all risks arising out of the use of electronic signatures and electronic methods to send Notices to the Issuing and Paying Agent, including without limitation the risk of the Issuing and Paying Agent acting on an unauthorized Notice, and the risk of interception or misuse by third parties. Notwithstanding the foregoing, the Issuing and Paying Agent may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Issuing and Paying Agent in lieu of, or in addition to, any such electronic Notice.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Issuing and Paying Agent Agreement by their duly authorized officers as of the date set forth above.

WALNUT ENERGY CENTER AUTHORITY

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

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

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Officer

CONSENTED TO BY:

BANK OF AMERICA, N.A.

By: \_\_\_\_\_  
Authorized Officer

## EXHIBIT A

### FORMS OF SUBORDINATE COMMERCIAL PAPER NOTES

#### WALNUT ENERGY CENTER AUTHORITY SUBORDINATE COMMERCIAL PAPER NOTES (NON-AMT)/(TAXABLE) [SUB]SERIES \_\_\_\_

|                             |                          |
|-----------------------------|--------------------------|
| No.: _____                  | Dated Date: _____        |
| Principal Amount: _____     | Maturity Date: _____     |
| Interest to Maturity: _____ | Number of Days: _____    |
| Due at Maturity: _____      | Interest Rate (%): _____ |
| Place of Payment: _____     | Payee: _____             |

FOR VALUE RECEIVED, WALNUT ENERGY CENTER AUTHORITY (the “Authority”), a joint powers authority duly organized and validly existing under the laws of the State of California, FOR VALUE RECEIVED hereby promises to pay, but only from the sources hereinafter identified and stated, to the Payee identified above, on the Maturity Date specified above the Principal Amount specified above and to pay interest, if any, on said Principal Amount at said Maturity Date from the Dated Date specified above to said Maturity Date at the per annum Interest Rate specified above, if any (calculated on the basis of a 365/366-day-year for Commercial Paper Notes designated as Tax-Exempt and a 360-day year containing twelve 30-day months for Commercial Paper Notes designated as Taxable and, in each case, the actual number of days elapsed), upon presentation and surrender at the principal corporate trust office of the Issuing and Paying Agent executing the Certificate of Authentication endorsed hereon and appearing below, or its successor at the principal corporate trust office of such successor. For payment of this Commercial Paper Note on the Maturity Date hereof, this Commercial Paper Note must be presented to the Issuing and Paying Agent no later than 2:15 p.m., New York City time, on such day. If a Commercial Paper Note is presented for payment after 2:15 p.m., New York City time, payment therefor shall be made by the Issuing and Paying Agent on the next succeeding business day without the accrual of additional interest thereon. The principal of and interest on this Commercial Paper Note are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Commercial Paper Note is one of a duly authorized issue of commercial paper notes of the Authority (hereinafter called the “Commercial Paper Notes”) of the Series, subseries and other designation as set forth on the face hereof, to be issued from time to time by the Authority in the aggregate principal amount Outstanding at any time not to exceed the amounts set forth below, under and pursuant to the Act, and pursuant to the Amended and Restated Issuing and Paying Agent Agreement, dated as of August 1, 2025 (as it may be supplemented and amended from time to time, the “Issuing and Paying Agent Agreement”), by and between the Authority and the Issuing and Paying Agent. This Commercial Paper Note is designated as a “Commercial Paper Note” of the [sub]series hereinabove provided. The Commercial Paper Notes issued from time to time may include multiple subseries and be of varying denominations, dates, maturities and interest rates, and may otherwise vary as provided in the Issuing and Paying Agent Agreement. Such Issuing and Paying Agent Agreement provides that the Authority may issue additional notes and incur other indebtedness under the terms and conditions set forth in the Issuing and Paying Agent Agreement.

The Commercial Paper Notes are issued for the purposes described in the Issuing and Paying Agent Agreement. The aggregate principal amount of Commercial Paper Notes of the Authority which may be executed, authenticated and delivered is limited as provided in the Issuing and Paying Agent Agreement.

Copies of the Issuing and Paying Agent Agreement are on file with and available for inspection at the offices of the Issuing and Paying Agent, at the above address, and at the offices of the Authority. Reference is made to the Issuing and Paying Agent Agreement for a description of the provisions relating, among other things, to the terms of and security for the Commercial Paper Notes, the respective rights, limitation of rights, obligations, duties, immunities and remedies of the Authority, the Issuing and Paying Agent and the registered owners of the Commercial Paper Notes and to the terms and conditions under which the Commercial Paper Notes are issued and may be issued thereunder, and, by the acceptance of this Commercial Paper Note, the owner hereof assents to all provisions of the Issuing and Paying Agent Agreement. Unless otherwise defined herein, all capitalized terms herein shall have the same meanings as such terms are given in the Issuing and Paying Agent Agreement.

The rights and obligations of the Authority and of the registered owners of the Commercial Paper Notes may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Issuing and Paying Agent Agreement.

The Commercial Paper Notes are limited obligations of the Authority and are secured, both as to principal and interest, by a pledge of the Net Revenues, subject to the prior payment of principal of, premium, if any, and interest on the Senior Lien Bonds and the operation and maintenance costs of the Project, and the moneys in the Funds and Accounts provided in the Issuing and Paying Agent, and not out of any other fund or moneys of the Authority. All of the Commercial Paper Notes are equally secured by a pledge of the Net Revenues.

The Commercial Paper Notes are not a debt of the District, the Merced Irrigation District or the State or any political subdivision thereof (other than the Authority) and none of the State, the District or the Merced Irrigation District shall be liable with respect thereto, and the Commercial Paper Notes shall not be payable out of any funds of the Authority other than from Net Revenues, and nothing contained herein shall be considered as pledging any other funds or assets of the Authority.

This Commercial Paper Note shall be paid from the proceeds of borrowings made by the Authority as Advances under a Liquidity Facility which are to be deposited by the Issuing and Paying Agent into a designated account therefor held by the Issuing and Paying Agent. Amounts held by the Issuing and Paying Agent in the related funds and accounts for each Series and subseries of Commercial Paper Notes of the Authority are pledged under the Issuing and Paying Agent Agreement to secure the payment of the principal of and interest on the Commercial Paper Notes and the Bank Notes of such Series and subseries and all other amounts payable to the Bank under the related Liquidity Facility, each in accordance with their terms, subject only to the provisions of the Issuing and Paying Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth therein.

The Commercial Paper Notes are payable solely from the sources hereinabove identified securing the payment thereof and do not constitute a legal or equitable pledge, charge, lien or encumbrance upon any other property of the Authority. The Authority has no taxing power.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Commercial Paper Note, and in the issuing of this Commercial Paper Note, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Commercial Paper Note, together with all other short-term indebtedness of the Authority, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Commercial Paper Notes permitted to be issued under the Issuing and Paying Agent Agreement.

This Commercial Paper Note shall not be entitled to any benefit under the Issuing and Paying Agent Agreement, or become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been manually signed by the Issuing and Paying Agent.

**IN WITNESS WHEREOF, THE WALNUT ENERGY CENTER AUTHORITY** has caused this Commercial Paper Note to be signed in its name and on its behalf by the Treasurer and attested by the Secretary of the Commission (the signatures of said officers may be by facsimile), and said officials by the execution hereof do adopt as and for their own proper signatures the signatures appearing on each of the Commercial Paper Notes, all as of the Dated Date specified above.

WALNUT ENERGY CENTER AUTHORITY

By: \_\_\_\_\_  
Title: Treasurer

ATTEST:

By: \_\_\_\_\_  
Title: Secretary of the Commission



## CERTIFICATE OF AUTHENTICATION

This Commercial Paper Note is one of the Commercial Paper Notes delivered pursuant to and described in the within mentioned Issuing and Paying Agent Agreement.

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Issuing and Paying Agent

By: \_\_\_\_\_  
Authorized Officer

Date of Authentication: \_\_\_\_\_

[FORM OF ASSIGNMENT]

For value received \_\_\_\_\_ hereby sell, assign and transfer unto  
\_\_\_\_\_ the within Note and hereby irrevocably constitute and appoint  
\_\_\_\_\_ attorney, to transfer the same on the books kept for the registration thereof,  
with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within registered note in every particular, without alteration or enlargement or any change whatsoever.

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

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

**EXHIBIT B**  
**FORMS OF MASTER NOTES**

[Insert DTC Forms to Follow]

**EXHIBIT C**  
**CERTIFICATE AGREEMENT**

[Insert IPA DTC Certificate Agreement to Follow]

**EXHIBIT D**  
**FORM OF ISSUANCE REQUEST**  
**ISSUANCE REQUEST AND DIRECTION**  
**OF THE**  
**WALNUT ENERGY CENTER AUTHORITY**

**Part I: Terms of the Notes**

The undersigned \_\_\_\_\_, the \_\_\_\_\_ of the Walnut Energy Center Authority, a joint powers authority duly organized and validly existing under the laws of the State of California, does hereby request U.S. Bank Trust Company, National Association, as issuing and paying agent (the “Issuing and Paying Agent”) under the Amended and Restated Issuing and Paying Agent Agreement, dated as of August 1, 2025 (the “Issuing and Paying Agent Agreement”), by and between the Authority and the Issuing and Paying Agent, to issue Walnut Energy Center Authority Subordinate Commercial Paper Notes as follows:

[expand as needed]

| <i>Series</i> | <i>Subseries</i> | <i>Tax Status</i> | <i>Liquidity Provider</i> | <i>Purpose</i>             | <i>Principal Amount</i> | <i>Maturity Date</i> |
|---------------|------------------|-------------------|---------------------------|----------------------------|-------------------------|----------------------|
| (Non-AMT):    |                  |                   |                           | Renewal (Roll-Over) Notes: | \$                      |                      |
|               |                  |                   |                           | New Money Notes:           | \$                      |                      |
|               |                  |                   |                           | Subtotal:                  | \$                      |                      |
| (Taxable):    |                  |                   |                           | Renewal (Roll-Over) Notes: | \$                      |                      |
|               |                  |                   |                           | New Money Notes:           | \$                      |                      |
|               |                  |                   |                           | Subtotal:                  | \$                      |                      |
|               |                  |                   |                           | Total:                     | \$                      |                      |

Upon receipt of proceeds of the Commercial Paper Notes from the Dealers, you are hereby authorized and directed to transfer \$\_\_\_\_\_ from the proceeds of the Commercial Paper Notes as follows: \_\_\_\_\_.

All capitalized terms used in this Issuance Request and not otherwise defined herein shall have the meanings assigned to such terms in the Issuing and Paying Agent Agreement.

**Part II: Certifications of the Authority**

The undersigned does hereby certify as follows:

1. The Commercial Paper Notes hereby requested to be issued are being issued for purposes authorized by Section 2.02 of this Issuing and Paying Agent Agreement.

2. All actions on the part of the Authority necessary for the valid issuance of the Commercial Paper Notes hereby requested to be issued have been taken, and such Commercial Paper Notes will be valid obligations of the Authority enforceable in accordance with their terms.

3. After the issuance of the Commercial Paper Notes hereby requested to be issued and the application of the proceeds thereof, the aggregate principal amount of the Commercial Paper Notes Outstanding will not exceed the amount that at the time is authorized to be Outstanding as provided in the Issuing and Paying Agent Agreement.

4. Liquidity Facilities supporting the full principal amount of the Commercial Paper Notes to be Outstanding upon the issuance of the Commercial Paper Notes hereby requested to be issued are in full force and effect.

5. The interest rates, if any, borne by the Commercial Paper Notes hereby requested to be issued or the yield to maturity of the Commercial Paper Notes hereby requested to be issued does not exceed the Maximum Rate.

6. Unless the Commercial Paper Notes hereby requested to be issued are Taxable as provided in Part I hereof, the facts, estimates, circumstances and representations set forth or made (as the case may be) in the Tax Certificate continue to exist and are reaffirmed as of the date hereof.

7. The terms of the Commercial Paper Notes hereby requested to be issued do not exceed 270 days and the maturity dates of such Commercial Paper Notes do not extend beyond the applicable Liquidity Facility Expiration Date.

8. The Authority has not been notified by Bond Counsel that their opinion with respect to the validity of the Commercial Paper Notes of such Series or subseries and, if the interest on such Series or subseries of Commercial Paper Notes is Tax-Exempt, has not been notified by Bond Counsel that its opinion with respect to the tax treatment of the interest thereon, delivered prior to the initial issuance of such Series or subseries of Commercial Paper Notes has been revised or withdrawn or, if any such revisions or withdrawal has occurred, a revised opinion or a substitute opinion acceptable to the Dealer has been delivered.

9. No Event of Default under Section 8.01 of the Issuing and Paying Agent Agreement has occurred and is continuing as of the date hereof.

10. A No Issuance Notice has not been received from the Bank.

11. All of the conditions precedent to the issuance of such Commercial Paper Notes set forth in the applicable Liquidity Facility and in Section 3.01 of the Issuing and Paying Agent Agreement have been satisfied.

IN WITNESS WHEREOF, this Issuance Request is executed and delivered this day of \_\_\_\_\_, \_\_\_\_\_.

WALNUT ENERGY CENTER AUTHORITY

By: \_\_\_\_\_  
Authorized Representative

**EXHIBIT E**

**CERTIFICATE OF INCUMBENCY OF AUTHORIZED REPRESENTATIVES**

**WALNUT ENERGY CENTER AUTHORITY  
SUBORDINATE COMMERCIAL PAPER NOTES (NON-AMT)  
SUBORDINATE COMMERCIAL PAPER NOTES (TAXABLE)**

**CERTIFICATE OF INCUMBENCY**

I, \_\_\_\_\_, the duly appointed Secretary of the Commission of Walnut Energy Center Authority (“the Authority”) do hereby certify that attached hereto as Attachment A is a list with the genuine signature and true and correct title of each of the officers of the Authority authorized to act for the Authority as an Authorized Representative thereof in connection with the Authority’s Subordinate Commercial Paper Notes (Non-AMT) and Subordinate Commercial Paper Notes (Taxable) (collectively, the “Commercial Paper Notes”) issued pursuant to the Amended and Restated Issuing and Paying Agent Agreement, dated as of August 1, 2025 (the “Issuing and Paying Agent Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association, as Issuing and Paying Agent, and that said list is in full force and effect on and after the date hereof until a new list is hereinafter delivered to you.

Capitalized terms used herein not otherwise defined herein shall have the meanings ascribed thereto in the Issuing and Paying Agent Agreement.

IN WITNESS WHEREOF, I have hereunto signed my name.

\_\_\_\_\_  
Dated: \_\_\_\_\_, 2025

I, \_\_\_\_\_, Treasurer of the Walnut Energy Center Authority, do hereby certify that \_\_\_\_\_ is the duly appointed Secretary of the Commission of the Walnut Energy Center Authority and that the signature appearing above and on Attachment A hereto is each [his][her] genuine signature.

IN WITNESS WHEREOF, I have hereunto signed my name.

\_\_\_\_\_  
[Name]  
Dated: \_\_\_\_\_, 2025

ATTACHMENT A

INCUMBENCY OF AUTHORIZED REPRESENTATIVES OF THE AUTHORITY

Pursuant to the Amended and Restated Issuing and Paying Agency Agreement, dated as of August 1, 2025 (the “Issuing and Paying Agent Agreement”) by and between the Authority and U.S. Bank National Association as Issuing and Paying Agent for the Commercial Paper Notes, the following individuals are Authorized Representatives of the Authority authorized to act for the Authority in connection with the Commercial Paper Notes.

| <i>Name</i> | <i>Title</i>                   | <i>Signature</i> |
|-------------|--------------------------------|------------------|
|             | Chief Executive Officer        | _____            |
|             | Secretary of the<br>Commission | _____            |
| _____       | Treasurer                      | _____            |



## EXHIBIT F

### SERIES AND SUBSERIES OF COMMERCIAL PAPER NOTES, DEALERS, LIQUIDITY FACILITIES AND APPLICABLE BANKS

The Series and subseries designations of the Commercial Paper Notes, as well as the Dealer or Dealers therefor and the Bank or Banks providing the Liquidity Facility supporting such Series or subseries of Commercial Paper Notes, are set forth below.<sup>1</sup>

| <i>Series</i>                               | <i>Subseries of Notes</i> | <i>Principal Amount</i>   | <i>Dealers</i>             | <i>Dealer Notice Address</i> | <i>Bank Providing Liquidity Facility</i> | <i>Liquidity Facility Effective Date</i> | <i>Liquidity Facility Expiration Date</i> | <i>Bank Notice Address</i> |
|---|---------------------------|---|----------------------------|------------------------------|--|--|---|----------------------------|
| Commercial Paper Notes, Series A (Taxable): | N/A                       | (together with Commercial Paper Notes, Series B (Non-AMT), not to exceed \$40,000,000 | J.P. Morgan Securities LLC | (see attached page F-2)      | Bank of America, N.A.                    | August 25, 2025                          | August 25, 2028                           | (see attached page F-2)    |
| Commercial Paper Notes, Series B (Non-AMT): | N/A                       | (together with Commercial Paper Notes, Series A (Taxable), not to exceed \$40,000,000 | J.P. Morgan Securities LLC | (see attached page F-2)      | Bank of America, N.A.                    | August 25, 2025                          | August 25, 2028                           | (see attached page F-2)    |

<sup>1</sup> As provided in Section 1.02(e) of the Issuing and Paying Agent Agreement, subseries of Commercial Paper Notes, Banks, Liquidity Facilities and Dealers may be added to, or deleted from, the Issuing and Paying Agent Agreement without the need to amend the Issuing and Paying Agent Agreement, upon delivery by an Authorized Representative of the Authority to the Issuing and Paying Agent of a new Exhibit F replacing this Exhibit F.

**ATTACHMENT TO EXHIBIT F:**  
**BANK AND DEALER NOTICE ADDRESSES**

**BANK:**

Bank of America, N.A.

With respect to  
credit matters:

Bank of America, N.A.  
Rainer Square  
401 Union Street, Suite FL 22  
Seattle, Washington 98101-2501  
Attention: Stephanie Warner  
Telephone: (206) 358-8305  
Facsimile: (206) 585-8644  
E-Mail: stephanie.a.warner@bofa.com

With respect to

the operational matters : Bank of America, N.A.

1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507-1999  
Attention: Standby Letter of Credit Department  
Telephone: (800) 370-7519  
Telecopy: (800) 755-8743  
E-Mail: scranton\_standby\_lc@bofa.com

**DEALER:**

J.P. Morgan Securities LLC

J.P. Morgan Securities LLC  
Public Finance Department  
383 Madison Avenue, Floor 3  
New York, New York 10179  
Attention: Short-Term Trading  
Phone: (212) 834-7224  
Facsimile Transmission Number: (917) 456-3541  
Email: Public\_Finance\_Short\_Term\_Trading@jpmorgan.com

**AMENDED AND RESTATED DEALER AGREEMENT**

**WALNUT ENERGY CENTER AUTHORITY  
SUBORDINATE COMMERCIAL PAPER NOTES,  
SERIES A (TAXABLE) AND SERIES B (NON-AMT)**

August \_\_, 2025

Walnut Energy Center Authority  
333 East Canal Drive  
Turlock, California 95381

Dear Ladies & Gentlemen:

This Amended and Restated Dealer Agreement (the “Dealer Agreement”) confirms the agreement between the undersigned, J.P. Morgan Securities LLC (the “Dealer”) and the Walnut Energy Center Authority, a joint powers authority duly organized and validly existing under the laws of the State of California (the “Authority”), for the Dealer to act as a non-exclusive dealer in connection with the issuance and delivery of Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series A (Taxable) (the “Series A Notes”) and Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series B (Non-AMT) (the “Series B Notes” and together with the Series A Notes, the “Notes”). This Dealer Agreement amends and restates in its entirety the Dealer Agreement, dated as of December 1, 2005, by and between the Authority and J.P. Morgan Securities Inc., as predecessor in interest to the Dealer.

The Notes are to be issued pursuant to an Amended and Restated Issuing and Paying Agent Agreement, dated as of August 1, 2025 (as amended, supplemented or otherwise modified from time to time, the “Issuing and Paying Agent Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association, as issuing and paying agent (the “Issuing and Paying Agent”). All terms used herein and not defined herein shall have the meanings specified in the Issuing and Paying Agent Agreement.

The Notes are to be issued and delivered for the purposes described in the Issuing and Paying Agent Agreement. The aggregate principal amount of the Notes that may be outstanding at any one time and the aggregate amount of interest to maturity, if any, with respect to such Notes are limited as provided in the Issuing and Paying Agent Agreement. The holders from time to time of the Notes will be entitled to the benefits of a Liquidity Facility, which initially is an irrevocable, transferable direct-pay letter of credit (as amended, supplemented or otherwise modified from time to time, the “BANA Letter of Credit”) issued by Bank of America, N.A. (an initial “Bank”), under and pursuant to a Reimbursement Agreement, dated as of August 1, 2025 (as amended, supplemented or otherwise modified from time to time, the “BANA Reimbursement Agreement” and together with the BANA Letter of Credit and any related fee letter, the initial “Liquidity Facility” under the Issuing and Paying Agent Agreement), between the Authority and the Bank.

**1. Appointment of Dealer; Basic Responsibilities of Dealer.**

(a) Subject to the terms and conditions herein contained, the Authority hereby appoints the Dealer and the Dealer hereby accepts such appointment, as non-exclusive dealer for the Authority in connection with the offering, issuance and sale of the Notes;

(b) In its capacity as a dealer with respect to the Series A Notes, the Dealer shall use its best efforts to solicit purchases of the Series A Notes, on such terms and conditions, including maturity dates, yields-to-maturity, or interest rates as may prevail from time to time in the taxable municipal commercial paper market, at rates up to the Maximum Rate. In its capacity as dealer with respect to the Series B Notes, the Dealer shall exercise its best efforts to solicit purchases of the Series B Notes, on such terms and conditions, including maturity dates and interest rates, as may prevail from time to time in the tax-exempt commercial paper market, at rates up to the Maximum Rate. Such amounts and terms and conditions shall be subject to the approval of an Authorized Representative. On or before 12:00 P.M., New York City time, on each day on which Notes, the purchase of which has been solicited by the Dealer, are to be executed and delivered, the Dealer will notify an Authorized Representative (as defined in the Issuing and Paying Agent Agreement) and the Issuing and Paying Agent of the amounts and terms and conditions of such Notes with respect to which the Dealer has received indications of interest from potential purchasers. The receipt by the Dealer of such indications of interest from potential purchasers of Notes shall not constitute legal and binding commitments of such purchasers, and the giving by the Dealer of notice of such indications of interest from potential purchasers of Notes pursuant to this paragraph shall not constitute, or be construed as constituting, notice of the receipt by the Dealer of legal and binding commitments of such purchasers.

(c) It is understood and agreed that the Dealer's responsibilities hereunder will include (i) the soliciting of purchases of Notes from investors that customarily purchase tax-exempt and taxable commercial paper in large denominations, (ii) effecting and processing such purchases, (iii) causing the furnishing, by mail or otherwise (at the Authority's expense), of such materials as are described in Section 3 hereof, (iv) billing and receiving payment for Notes purchases, and (v) performing such other related functions as may be requested by the Authority and agreed to by the Dealer.

(d) The Dealer and the Authority agree that any Notes which the Dealer may purchase or for which the Dealer may arrange the sale will be purchased or sold on the terms and conditions and in the manner provided in this Dealer Agreement. Although: (i) the Authority has and shall have no obligation to sell the Notes to the Dealer or to permit the Dealer to arrange any sale of the Notes for the account of the Authority, and (ii) the Dealer has and shall have no obligation to purchase the Notes from the Authority or to arrange any sale of the Notes for the account of the Authority, the parties hereto agree that in any case where the Dealer purchases Notes from the Authority, or arranges for the sale of Notes by the Authority, such Notes will be purchased or sold by the Dealer in reliance on the representations, warranties, covenants and agreements of the Authority contained herein or made pursuant hereto and on the terms and conditions and in the manner provided herein.

**2. The Notes.** As more fully described in the Issuing and Paying Agent Agreement, the Notes will be issuable in minimum denominations of \$100,000 and increments of \$1,000 there above and will have maturities of not more than 270 days from their respective dates of execution and delivery. The Notes may be executed and delivered in registered form, without coupons, or bearer

form. The Series A Notes will be issued as discount or interest-bearing obligations and the Series B Notes will be issued as interest-bearing obligations, and in each case Notes will mature at such times as an Authorized Representative may designate upon authorizing the issuance thereof. Principal of and interest on, if any, the Notes will be payable at maturity in immediately available funds at the offices of the Issuing and Paying Agent in New York, New York.

### **3. Furnishing of Memorandum.**

(a) The Authority agrees to pay the cost of as many copies as the Dealer may reasonably request of the Offering Memorandum pertaining to the Notes, each Offering Memorandum and each Supplement (as such terms are hereinafter defined) and any Official Statement of the Authority and other material approved by the Authority for use in connection with the offering of the Notes. Such Offering Memorandum, including the cover page and all summary statements, appendices and other materials included or incorporated therein by reference or attached thereto or accompanying therewith (in each case with the approval of the Authority), as it may be amended or supplemented from time to time by a Supplement or Supplements (as such term is hereinafter defined), is hereinafter referred to as the “Offering Memorandum (2025).” The Dealer will furnish the Offering Memorandum (2025) to each offeree of the Notes at or prior to the date on which such offeree is first offered the Notes.

(b) The Dealer may request an update of the Offering Memorandum (2025) upon a reasonable determination that such an update to the Offering Memorandum (2025) is necessary for the Dealer to remain in compliance with Federal securities laws. If so determined, as promptly as practicable, but in no event more than 90 days (or such longer period agreed to by the Authority and the Dealer) following a written request by the Dealer, the Authority shall provide an update to the Offering Memorandum (2025). In such event, such updated memorandum, including the cover page and all summary statements, appendices and other materials included or incorporated therein by reference or attached thereto or accompanying therewith as it may be amended or supplemented from time to time by a Supplement or Supplements (as such term is hereinafter defined), is hereinafter referred to as an “Offering Memorandum.” The Dealer will furnish each Offering Memorandum, if any, to each offeree of Notes offered subsequent to the receipt by the Dealer of such Offering Memorandum.

(c) Each Offering Memorandum, if any, shall be revised in the same manner and within the same period as is provided in paragraph (b) of this Section with respect to the Offering Memorandum (2025). The most current Offering Memorandum (or the Offering Memorandum (2025) if no subsequent Offering Memorandum has been delivered to the Dealer) is hereinafter referred to as the “Memorandum.”

(d) If, during and prior to such time as any Memorandum is used in connection with the offering and sale of the Notes, any event or condition known to the Authority relating to or affecting the Authority shall occur which might materially adversely affect the properties, business, condition (financial or other) or results of operations of the Authority or the ability of the Authority to perform its obligations under and in respect of this Dealer Agreement, the Notes, the Issuing and Paying Agent Agreement, or any Liquidity Facility, or which might affect the correctness of any statement of a material fact contained in such Memorandum, the Authority will promptly notify the Dealer of the circumstances and details of such event or condition. If, as a result of such event or condition or any other event or condition, it is necessary or advisable, in the opinion of the Dealer, to amend or supplement such Memorandum in light of such event or condition, the Authority will

forthwith cooperate with the Dealer in the prompt preparation of a supplement to such Memorandum (a "Supplement"), in form and substance satisfactory to the Dealer, which will so amend or supplement such Memorandum.

(e) The information relating to the Authority contained in each Memorandum and any Official Statement of the Authority which accompanies such Memorandum will be true and correct in all material respects on and as of the respective dates of such Memorandum and such Official Statement of the Authority.

**4. Representations, Warranties, Covenants and Agreements of the Authority.**

(a) The Authority, by its acceptance hereof, represents and warrants that:

(i) the Authority is duly organized and validly existing under the laws of the State of California and has all the requisite power and authority to execute and deliver the Notes, this Dealer Agreement, the initial Liquidity Facility, the Issuing and Paying Agent Agreement (the "CP Documents") and to perform its obligations under the CP Documents;

(ii) the CP Resolution was duly adopted, is in full force and effect and has not been repealed, modified or amended;

(iii) the Notes have been duly authorized and are entitled to the benefits of the Issuing and Paying Agent Agreement and the CP Documents do and will constitute the legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law), and to limitations on legal remedies against public agencies in the State of California; and

(iv) when authenticated and delivered by the Issuing and Paying Agent, the Notes will be in conformity with and entitled to the benefits of the Issuing and Paying Agent Agreement; and

(v) the Authority shall furnish such information, execute such instruments and take such other action in cooperation with the Dealer as the Dealer may reasonably request in order (1) to qualify the Notes for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Dealer may designate and (2) to determine the eligibility of the Notes for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification under clause (1) in effect so long as required for distribution of the Notes by the Dealer; provided, however, that in no event shall the Authority be required to consent to suit or to service of process in any jurisdiction or to take any action which would subject it to service of process in any jurisdiction in which it is not now so subject.

**5. Conditions To Dealer's Obligations.** The obligations of the Dealer under this Dealer Agreement have been undertaken in reliance on, and shall be subject to, the due performance by the Authority of its obligations and agreements to be performed hereunder and to the accuracy of and compliance with the respective representations, warranties, covenants and agreements of the Authority contained herein, in each case on and as of the date of delivery of this Dealer Agreement

and on and as of each date on which the Notes are to be issued. The obligations of the Dealer hereunder with respect to each date on which the Notes are to be issued are also subject, at the discretion of the Dealer, to the following further conditions precedent:

(a) The CP Documents and the Liquidity Facility shall be in full force and effect and the Notes to be issued on such date shall have the full benefits of all of the foregoing, all of which shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Dealer, and there shall be in full force and effect such additional resolutions, agreements, instruments and certificates (including such certificates as may be required by Stradling Yocca Carlson & Rauth LLP, Note Counsel, regarding the exclusion from gross income of interest on the Series B Notes from federal income tax) and such opinions of counsel, which resolutions, agreements, certificates and opinions of counsel shall be satisfactory in form and substance to the Dealer and Stradling Yocca Carlson & Rauth LLP, Note Counsel, and there shall have been taken in connection therewith and in connection with the issuance of the Notes all such action as shall, in the opinion of the aforesaid Note Counsel, be necessary in connection with the transactions contemplated hereby.

(b) There shall have been no material adverse change in the properties, business, condition (financial or other) or results of operations of the Authority or the Bank since the date of the Memorandum; and no event of default or breach hereunder or under the CP Documents shall have occurred and be continuing and no event shall have occurred and be continuing which with the passage of time or giving of notice or both, would constitute such an event of default or breach.

(c) At or prior to the first date on which Notes are to be sold pursuant to the terms of the Issuing and Paying Agent Agreement and this Dealer Agreement, the Dealer shall have received:

(i) executed copies of the BANA Reimbursement Agreement and the Issuing and Paying Agent Agreement; and a transcript of all proceedings relating to the authorization of the Notes, including certified copies of the CP Resolution;

(ii) opinions dated as of such date of: (a) Stradling Yocca Carlson & Rauth LLP, Note Counsel; and (b) counsel to the Bank (each such opinion to be in form and substance as previously agreed to by each such counsel and the Dealer);

(iii) a certificate of the Authority, executed by any duly authorized official of the Authority, dated as of such date, as to the accuracy of and compliance with the representations, warranties, covenants and agreements of the Authority contained in the BANA Reimbursement Agreement on and as of such date, which certificate may state that the certifications therein set forth are to the best knowledge and belief of such official;

(iv) a certificate of the Bank, executed by a duly authorized representative of the Bank, dated as of such date, as to the correctness of information concerning the Bank which is contained in the Offering Memorandum (2025);

(v) a specimen copy of the BANA Letter of Credit comprising the Liquidity Facility;

(vi) copies of all documents required by, and delivered pursuant to Section 3.1 of the Reimbursement Agreement (other than the fee letter);

(vii) a certificate of the Dealer, as to such matters as the Authority may reasonably request;

(viii) a certificate of the Authority executed by any duly authorized official of the Authority, dated as of or prior to such date, as to the correctness of information concerning the Authority which is contained in the Offering Memorandum (2025) under the caption “WALNUT ENERGY CENTER AUTHORITY.”

(ix) a certificate of the Turlock Irrigation District (the “District”) executed by any duly authorized official of the District, dated as of or prior to such date, as to the correctness of information concerning the District which is contained in the Offering Memorandum (2025) under the caption “TURLOCK IRRIGATION DISTRICT.”

(x) prior to the issuance of any Notes represented by a book-entry note registered in the name of DTC or its nominee, a copy of the executed DTC Letter of Representations with respect thereto; and

(xi) copies of such other documents, certificates and opinions as the Dealer shall have reasonably requested.

If on any date Note Counsel informs the Authority that, because of a change in law or otherwise, the opinion of Note Counsel delivered pursuant to clause (ii) above may no longer be relied upon, the Authority agrees that: (a) it shall immediately so notify the Dealer, either by written or electronic means; and (b) it shall not issue any Notes at any time thereafter until Note Counsel, or other bond counsel acceptable to the Dealer, issues an opinion in connection with the sale of Notes acceptable in substance to the Dealer.

(d) In addition, the Dealer may immediately suspend its efforts to solicit and arrange sales of the Notes if: (i) a banking moratorium shall have been established by federal, New York or California authorities; (ii) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange or the establishment of minimum or maximum prices on any such national securities exchange shall have occurred; (iii) a war involving the United States shall have been declared or escalated, or any existing conflict involving the armed forces of the United States shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which in the Dealer’s reasonable opinion, materially adversely affects the marketability of the Notes or securities of the general character of the Notes; or (iv) any of the rating agencies then rating the Notes or Bank shall either downgrade the ratings assigned to the Notes or the Bank so that such Notes are not “Eligible Securities” as defined under Rule 2a-7 of the Investment Company Act of 1940, as amended, or shall suspend or withdraw the then current ratings assigned to the Notes or the Bank.

## **6. Term and Termination of Dealer Agreement.**

(a) This Dealer Agreement shall become effective upon execution by the Dealer and the Authority and may be canceled by the Dealer or the Authority at any time on written notice. To be effective, such written notice must be given no less than 60 days prior to such cancellation date



with a copy to the Issuing and Paying Agent and the Bank; provided, however, that upon the mutual agreement of the Dealer, the Authority and the Bank, such written notice may be given fewer than 60 days prior to such cancellation date. The Authority will use its best efforts to notify the rating agencies then providing a rating on the Notes (in the manner prescribed by Section 8(f) hereof) of the termination of this Dealer Agreement and any change in the dealer for the Notes.

(b) In addition, the Dealer may terminate its obligations under this Dealer Agreement at any time by notifying the Authority and the Bank in writing or by telegram, telex or other electronic communication of its election to do so, if any event shall have occurred, or information become known, which, in the Dealer's reasonable opinion, makes untrue, incorrect or misleading in any material respect any statement or information contained in the Memorandum or has the effect that the Memorandum contains an untrue, incorrect or misleading statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and the Authority shall fail to supplement the Memorandum in a manner satisfactory to the Dealer within a reasonable period of time after requested to do so by the Dealer.

## **7. Payment of Fees and Expenses.**

(a) In consideration of the services to be performed by the Dealer under this Dealer Agreement, the Authority agrees to pay to the Dealer a fee in the amount of the product of (i) \_\_\_\_\_% of 1% divided by 365 or 366, as appropriate, and (ii) the sum of the principal amounts of such Notes outstanding on each day during the billing period (to which reference is made in the next succeeding sentence). It is understood and agreed that (i) payment of such fee shall be made by the Authority quarterly upon receipt of an invoice therefor from the Dealer, and (ii) the obligation of the Authority to pay such fee shall survive the termination or cancellation of this Dealer Agreement to the extent that such obligation related to Notes outstanding prior to such termination or cancellation.

(b) All reasonable expenses and costs of the Dealer in effecting the authorization, preparation, issuance, offering, delivery and sale of the Notes (including, without limitation, the expenses and costs of the preparation, printing, photocopying, execution and delivery of the Notes, the Offering Memorandum (2025), each Offering Memorandum, each Supplement, the Liquidity Facility, the Issuing and Paying Agent Agreement, this Dealer Agreement and all other agreements and documents contemplated hereby and thereby, including amendments, modifications and supplements to any such agreements and documents at any time during the term of this Dealer Agreement) shall be paid or reimbursed by the Authority, unless and to the extent that such expenses and costs are paid out of or reimbursed from the proceeds of the Notes.

## **8. Miscellaneous.**

(a) All notices, demands and formal actions under this Dealer Agreement shall be in writing and mailed, telecopied, telegraphed or delivered to:

The Dealer:

J.P. Morgan Securities LLC  
Public Finance Department  
383 Madison Avenue, Floor 3  
New York, New York 10179  
Attention: Short-Term Trading  
Phone: (212) 834-7224  
Facsimile Transmission Number: (917) 456-3541  
Email: [Public\\_Finance\\_Short\\_Term\\_Trading@jpmorgan.com](mailto:Public_Finance_Short_Term_Trading@jpmorgan.com)

If to the Authority:

Walnut Energy Center Authority  
333 East Canal Drive  
P.O. Box 949  
Turlock, CA 95381-0949  
Attention: Treasurer  
Telephone No: (209) 883-8222  
E-mail: [bwstubbett@tid.org](mailto:bwstubbett@tid.org)

If to the Bank:

At the address set forth in the BANA Reimbursement Agreement.

provided, however, that all notices pursuant to, or contemplated by, the provisions of Section 1 of this Dealer Agreement shall be given by telephonic communication between or among authorized representatives of the parties to this Dealer Agreement and shall be confirmed in writing and mailed, telegraphed or delivered to such parties on the later of the Business Day following the settlement, if any, of the respective transactions to which such notices relate or the Business Day following the telephonic communication. The Dealer and the Authority may, by notice given under this Dealer Agreement, designate other addresses to which subsequent notices, requests, reports or other communications shall be directed.

(b) Any certificate authorized by the Authority, signed by any authorized official or officials of the Authority and delivered to the Dealer shall be deemed a representation by the Authority to the Dealer as to the statements made therein.

(c) This Dealer Agreement will inure to the benefit of and be binding upon the Authority and the Dealer and their respective successors, and will not confer any rights upon any other person, partnership, association or corporation. The term "successors" shall not include any purchaser of any of the Notes merely because of such purchase. No party to this Dealer Agreement may assign its rights or obligations hereunder to another party without the written consent of the other parties hereto.

(d) All of the representations, warranties and covenants of the Authority and the Dealer in this Dealer Agreement shall remain operative and in full force and effect, regardless of

(i) any investigation made by or on behalf of the Dealer or the Authority or (ii) delivery of and any payment for any Notes hereunder.

(e) The Authority acknowledges and agrees, whether or not the Dealer or any affiliate thereof has advised or is currently advising the Authority on other matters, that in connection with its efforts to solicit and arrange sales of the Notes and any other duties or obligations of the Dealer pursuant to and/or as set forth in this Dealer Agreement: (i) the Dealer is not an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act), an “advisor”) of, and owes no fiduciary duty to, the Authority or any other person; (ii) the Dealer’s duties and obligations to the Authority shall be limited to those contractual duties and obligations expressly set forth in this Dealer Agreement; (iii) the Dealer has financial and other interests that differ from those of the Authority; and (iv) the Authority has consulted with those independent legal, financial and any other advisors to the extent it deemed appropriate in connection with any questions or other issues it might have relating to the Notes.

(f) The Authority shall use its best efforts to notify the rating agencies then providing a rating on the Notes (initially S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC and Fitch Ratings, Inc.) of any modification of or amendment to the Dealer Agreement. Notice shall be sent by first class mail, postage prepaid.

(g) Section headings have been inserted in this Dealer Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Dealer Agreement and will not be used in the interpretation of any provisions of this Dealer Agreement.

(h) If any provision of this Dealer Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Dealer Agreement invalid, inoperative or unenforceable to any extent whatever.

(i) This Dealer Agreement may be executed in several counterparts, each of which shall be regarded as an original and all of which constitute one and the same document.

(j) This Dealer Agreement shall only be amended, supplemented or modified in a writing signed by both of the parties hereto with the prior written consent of the Bank.

*[Remainder of Page Intentionally Left Blank]*

(k) This Dealer Agreement shall be governed by and construed in accordance with the laws of the State of California. The Authority and the Dealer agree that any action or proceeding relating in any way to this Dealer Agreement shall be brought and entered into in the courts of State of California or the courts of the United States of America for the Central District of California.

J.P. MORGAN SECURITIES LLC

By: \_\_\_\_\_  
Executive Director

WALNUT ENERGY CENTER AUTHORITY

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

Attest:

WALNUT ENERGY CENTER AUTHORITY

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

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**OFFERING MEMORANDUM DATED AUGUST 25, 2025**

**Not to exceed \$40,000,000**  
**Walnut Energy Center Authority**  
**Subordinate Commercial Paper Notes**  
**Series A (Taxable) and Series B (Non-AMT)**

*In the opinion of Stradling Yocca Carlson & Rauth LLP, Sacramento, California (“Bond Counsel”), interest with respect to the Series A (Taxable) Subordinate Commercial Paper Notes is exempt from State of California personal income tax. NO ATTEMPT HAS BEEN MADE OR WILL BE MADE TO COMPLY WITH CERTAIN REQUIREMENTS RELATING TO THE EXCLUSION FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES OF INTEREST WITH RESPECT TO THE SUBORDINATE COMMERCIAL PAPER NOTES, SERIES A (TAXABLE), AND INTEREST WITH RESPECT TO THE SUBORDINATE COMMERCIAL PAPER NOTES, SERIES A (TAXABLE) THEREFORE WILL NOT BE EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES.*

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest with respect to the Subordinate Commercial Paper Notes, Series B (Non-AMT) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest with respect to the Subordinate Commercial Paper Notes, Series B (Non-AMT) is exempt from State of California personal income tax. See “TAX EXEMPTION—SERIES B NOTES” herein with respect to other tax consequences relating to the Subordinate Commercial Paper Notes, Series B (Non-AMT).*

*Bond Counsel expresses no opinion regarding any other tax consequences relating to the ownership or disposition of or the accrual or receipt of interest with respect to the Subordinate Commercial Paper Notes. A complete copy of the opinions to be delivered by Bond Counsel are set forth in Appendix A and B hereto.*

*Prospective investors should not expect that the Walnut Energy Center Authority would be able to pay the Notes as the Notes mature. Accordingly, the investment decision to purchase Notes should be made solely on the basis of the creditworthiness of Bank of America, N.A., which is issuing an irrevocable, direct pay letter of credit from which will be paid all principal of and interest on the Notes when due.*

**J.P. Morgan**  
**Dealer for the Notes**

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The information in this Offering Memorandum has been obtained from the Walnut Energy Center Authority (the “Authority”), the Turlock Irrigation District (the “District”), Bank of America, N.A. (the “Bank”), The Depository Trust Company, and other sources believed to be reliable. Information herein concerning the Authority and the District is limited. Furthermore, no attempt is made herein to provide a complete summary of the terms of the Issuing and Paying Agent Agreement or the Letter of Credit. The references herein to the Issuing and Paying Agent Agreement and the Letter of Credit do not purport to be complete or definitive, do not constitute complete summaries thereof and are qualified in their entirety by reference to the provisions thereof, copies of which may be obtained from the Authority.

No dealer, salesperson or other person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum and, if given or made, such other information or representation should not be relied upon as having been authorized by the Authority or the District or any other person. J.P. Morgan Securities LLC, the dealer for the Commercial Paper Notes, has reviewed this Offering Memorandum, but makes no guaranty, warranty or other representation respecting accuracy and completeness of the information contained in this Offering Memorandum.

This Offering Memorandum is not to be construed as a contract between the Authority or the District and the purchasers of the Commercial Paper Notes. This Offering Memorandum does not constitute an offer to sell securities in any jurisdiction to any person to whom it is unlawful to make such offers. Prospective purchasers of the Commercial Paper Notes are expected to conduct their own review and analysis before making an investment decision.

The District maintains a website and posts information required pursuant to the District’s undertakings under Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, on the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access website. However, the information presented therewith respect to the Authority and the District is not part of this Offering Memorandum and should not be relied upon in making an investment decision with respect to the Commercial Paper Notes.

The information and expressions of opinion in this Offering Memorandum are subject to change without notice and neither the delivery of this Offering Memorandum nor any sale hereunder shall under any circumstances create the implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

The Commercial Paper Notes are exempted from the requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. The Commercial Paper Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained therein, and have not been registered or qualified under the securities laws of any state. The Issuing and Paying Agent Agreement has not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon an exemption contained therein. The Commercial Paper Notes have not been recommended by any federal or state securities commission or regulatory commission. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Offering Memorandum.

Capitalized terms used herein have the definitions ascribed thereto in the body of this Offering Memorandum.

## OFFERING MEMORANDUM

Dated: August 25, 2025

**NOT TO EXCEED \$40,000,000**  
**WALNUT ENERGY CENTER AUTHORITY**  
**SUBORDINATE COMMERCIAL PAPER NOTES**  
**SERIES A (TAXABLE) AND SERIES B (NON-AMT)**

The purpose of this Offering Memorandum is to provide certain general information in connection with the issuance and sale of Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series A (Taxable) (the “Series A Notes”) and Series B (Non-AMT) (the “Series B Notes,” and, together with the Series A Notes, the “Commercial Paper Notes” or the “Notes”). Capitalized terms used but not defined herein shall have the meanings set forth in the Issuing and Paying Agent Agreement (as hereinafter defined).

The information in this Offering Memorandum has been obtained from the Walnut Energy Center Authority (the “Authority”), Turlock Irrigation District (the “District”), Bank of America, N.A. (the “Bank”) and other sources believed to be reliable. The references herein to the Commercial Paper Notes, the Letter of Credit and the Issuing and Paying Agent Agreement (all as hereinafter defined) do not purport to be complete or definitive, do not constitute summaries thereof, and are qualified in their entirety by reference to the provisions thereof. The information and expressions of opinion in this Offering Memorandum are subject to change without notice after the date hereof and future use of this Offering Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Offering Memorandum since the date hereof.

This Offering Memorandum is not to be construed as a contract between the Authority and the purchasers of the Commercial Paper Notes. Prospective purchasers of the Commercial Paper Notes are expected to conduct their own review and analysis before making an investment decision.

**Prospective investors should not expect that the Authority would be able to pay the Commercial Paper Notes as the Commercial Paper Notes mature. Accordingly, the investment decision to purchase Notes should be made solely on the basis of the creditworthiness of the Bank, which is issuing the Letter of Credit from which will be paid all principal of and interest on the Commercial Paper Notes when due.**

### WALNUT ENERGY CENTER AUTHORITY

The Authority is a municipal authority formed pursuant to the Joint Exercise of Powers Agreement Creating the Walnut Energy Center Authority, dated December 9, 2003 (as amended to the date hereof the “Joint Powers Agreement”), between the District and the Merced Irrigation District (“MID”), and pursuant to the Joint Exercise of Powers Act (codified at Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California) (the “Act”). Under the Joint Powers Agreement and the Act, the Authority has the powers, among others, to develop, own and operate a 250-megawatt (“MW”), natural gas-fired, combined cycle electric power generating facility and related equipment and appurtenances (the “Project”), and to issue commercial paper notes to finance and refinance costs related to the Project. The electric capacity and energy of the Project, has

been sold to the District on an unconditional “take-or-pay” basis pursuant to a Power Purchase Agreement, dated as of March 31, 2004 (the “Power Purchase Agreement”), by and between the Authority and the District, as amended to the date hereof. A component of the unconditional payments to be made by the District under the Power Purchase Agreement are amounts necessary to pay the principal of and interest on maturing Notes.

The Authority has no employees. Pursuant to a Construction and Operation Agreement, dated as of March 31, 2004 (the “Construction and Operation Agreement”) between the Authority and the District, the District provides or causes to be provided such technical and general and administrative services as the Authority may reasonably require. Although the District provides the Authority with staffing and consulting support pursuant to the Construction and Operation Agreement, neither the District nor MID has any obligation or liability to the Authority beyond that specifically provided in the Joint Powers Agreement, the Power Purchase Agreement, the Construction and Operation Agreement, and certain other agreements related to the Project.

Under the bylaws of the Authority, the Commission of the Authority consists of the five members of the Board of Directors of the District. The current members of the Commission are as follows:

**Commissioners**

Michael Frantz, President  
David J. Yonan, Vice President  
Joe Alamo, Secretary  
Becky Hackler Arellano, Commissioner  
Ron Macedo, Commissioner

The current Commission-appointed officers of the Authority are set forth below and are also the General Manager of the District, the Assistant General Manager, Financial Services & Treasurer of the District, and the Secretary of the Board of Directors of the District, respectively.

**Officers**

Brad Koehn, Executive Director  
Brian Stubbett, Treasurer  
Joe Alamo, Secretary

**TURLOCK IRRIGATION DISTRICT**

The Turlock Irrigation District is an irrigation district organized under the provisions of the California Water Code and has the powers provided therein for irrigation districts. Organized in 1887, the District was the first of 65 irrigation districts to be formed in the State of California (the “State”).

Since 1923, the District has provided all electric service within its original 425 square mile service area, which includes portions of Stanislaus, Merced and Tuolumne counties. In 2003, TID acquired from Pacific Gas & Electric Company all of the electric distribution facilities and certain sub-transmission facilities, along with the exclusive right to provide electric service within approximately 225 square miles in western Stanislaus County, including the City of Patterson, the



community of Crows Landing and other adjacent rural areas. The District also acquired an additional 12 square miles of undeveloped territory within a portion of Tuolumne and Mariposa counties south of the Don Pedro Reservoir, thereby increasing the District's electric service area to approximately 662 square miles. The District's electric service area now includes the cities of Turlock, Ceres, Hughson, Patterson, a portion of south Modesto and the unincorporated communities of Keyes, Denair, Hickman, Delhi, Ballico, Crows Landing and Hilmar.

In 2005, the District became an autonomous electric service balancing authority (a "balancing authority") within the expansive Western Interconnection territory governed by the Western Electricity Coordinating Council. As a balancing authority, the District is fully responsible for generating, securing, scheduling and delivering all of its customers' electrical energy.

To provide electric service within its service area, the District owns and operates an electric system which includes generation, transmission and distribution facilities. The District also purchases power and transmission service from generation sources outside the District's service area and participates in other utility arrangements. As of December 31, 2024, the District provides power to approximately 96,000 accounts. In 2024, TID had total electric sales of approximately 3.6 billion kilowatt hours ("kWh") (including approximately 1.3 billion kWh of wholesale energy) and a peak demand of approximately 595 megawatts ("MW").

The District also supplies water for irrigation use within its irrigation service boundaries, which consist of 308 square miles within its 662 square mile electric service area. In 2024, the District provided irrigation services to approximately 5,800 parcels of land, aggregating approximately 145,869 acres, through 250 miles of gravity flow canals and laterals. The District's electric and irrigation systems are operated and accounted for as a single entity and, hence, revenues from both systems are available to pay obligations of the District. Total District revenues are derived from both the electric utility system (approximately 96%) and the irrigation system (approximately 4%).

## **THE COMMERCIAL PAPER NOTES**

The Commercial Paper Notes are authorized to be issued pursuant to applicable statutes of the State of California including the Act, Resolution No. 2005-1 adopted by the Authority on August 23, 2005 (the "Note Resolution"), and the Amended and Restated Issuing and Paying Agent Agreement, dated as of August 1, 2025 (the "Issuing and Paying Agent Agreement"), between the Authority and U.S. Bank Trust Company, National Association, as issuing and paying agent (the "Issuing and Paying Agent").

The Commercial Paper Notes are being issued to provide moneys to purchase materials, supplies and services for Project purposes, including, but not limited to, natural gas or the rights thereto; paying the principal of and stated interest, if any, on maturing Notes; and paying for costs of issuing the Notes, all as set forth in the Note Resolution and the Issuing and Paying Agent Agreement. The Authority currently may issue up to \$40,000,000 in aggregate principal amount of Commercial Paper Notes, which is the maximum principal component of the irrevocable direct-pay letter of credit (the "Letter of Credit") provided to pay and secure the payment of the Commercial Paper Notes. The Letter of Credit is issued by the Bank pursuant to the Reimbursement Agreement, dated as of August 1, 2025 (the "Reimbursement Agreement"), by and between the Authority and the Bank.

The Commercial Paper Notes are to be dated the date of their respective authentication and issuance, are to be issued in book-entry form only, in denominations of \$100,000 and in integral multiples of \$1,000 in excess of \$100,000. The Series A Notes may be sold at a price less than the principal amount thereof, or may bear interest at a separately-stated rate of not to exceed 12% per annum for interest bearing or discount Notes. The Series B Notes may not be sold at a price less than the principal amount thereof, and will bear interest at a separately stated interest rate of not to exceed 12% per annum.

The Commercial Paper Notes will be issued as fully registered notes and registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership interests in the Commercial Paper Notes will be available in book-entry form only, and purchasers of the Commercial Paper Notes will not receive certificates representing their interests in the Commercial Paper Notes purchased. While held in book-entry only form, U.S. Bank Trust Company, National Association, as Issuing and Paying Agent, will make all payments of principal of and interest on the Commercial Paper Notes by wire transfer to DTC or its nominee as the sole registered owner of the Commercial Paper Notes. Payments to the beneficial owners are the responsibility of DTC and its participants. See APPENDIX C — “INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM.”

Each Series A Note (i) may bear stated interest or accrue interest, in each case payable at maturity, at a separately stated rate of not to exceed 12% per annum calculated on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed, (ii) may be sold at a price of less than the principal amount thereof, and (iii) will mature on a Business Day. Each Series B Note (i) will bear interest payable at maturity at a separately stated interest rate of not to exceed 12% per annum calculated on the basis of a year of 365/366 days and the actual number of days elapsed, (ii) will be sold at a price equal to the principal amount thereof, and (iii) will mature on a Business Day. Each Commercial Paper Note will mature on a Business Day not more than 270 days after their respective dates, but in any event not later than the earlier of (i) the Business Day immediately preceding the Termination Date (as defined below) of the Letter of Credit or (ii) the effective date of a substitute Letter of Credit or Letters of Credit.

No Commercial Paper Notes can be delivered by the Issuing and Paying Agent if such delivery would result in (x) the aggregate principal amount of the Commercial Paper Notes outstanding being in excess of the principal component then available under the Letter of Credit, or (y) the aggregate amount of stated interest, if any, payable on the Commercial Paper Notes outstanding being in excess of the interest component then available under the Letter of Credit.

## **THE LETTER OF CREDIT**

*The following summary of the Letter of Credit does not purport to be comprehensive or definitive and is subject in all respects to all of the terms and provisions of the Letter of Credit, to which reference is made hereby. Investors are urged to obtain and review a copy of the Letter of Credit in order to understand all of its respective terms. Capitalized terms used under this caption but not defined herein shall have the meanings set forth in the Letter of Credit.*

## **General Terms**

The Commercial Paper Notes are payable from and secured by an irrevocable transferable direct-pay Letter of Credit issued by the Bank. The Letter of Credit is issued in the maximum stated amount of \$43,600,000 (the “Maximum Stated Amount”) consisting of a principal component equal to \$40,000,000 and an interest component equal to 270 days’ interest on the Commercial Paper Notes calculated at an assumed maximum interest rate of 12% per annum. The initial stated amount of the Letter of Credit (the “Stated Amount”) may be reduced, reinstated, and/or adjusted from time to time. The Issuing and Paying Agent is required to draw upon the Letter of Credit in an amount sufficient to pay both principal of and interest on the Commercial Paper Notes when due.

## **Termination of Letter of Credit**

The Letter of Credit shall expire at 5:00 p.m., New York City time, on the date (the “Termination Date”) which is the earliest of: (a) August 25, 2028, as such date may be extended in accordance with the terms of the Letter of Credit (the “Stated Expiration Date”), (b) the later of the date on which the Bank receives a written certificate from the Issuing and Paying Agent providing that an Alternate Credit Facility has been substituted for the Letter of Credit in accordance with the Issuing and Paying Agent Agreement or the effective date of any such Alternate Credit Facility as specified in such written certificate (after the Bank honors any properly presented and conforming Drawing, if any, on such date); (c) the date on which the Bank receives a written certificate from the Issuing and Paying Agent stating that there is no longer any Commercial Paper Notes Outstanding within the meaning of the Issuing and Paying Agent Agreement, the Authority does not intend to issue any additional Commercial Paper Notes under the Issuing and Paying Agent Agreement and that the Issuing and Paying Agent elects to terminate the Letter of Credit and return it to the Bank for cancellation; or (d) the earlier of (i) the 10th calendar day (or if such date is not a Business Day, the immediately succeeding Business Day) after the date on which the Bank has delivered to the Issuing and Paying Agent a Final Drawing Notice (as defined in the Reimbursement Agreement), and (ii) the date on which the Drawing resulting from the delivery of the Final Drawing Notice is honored under the Letter of Credit. All Drawings under the Letter of Credit shall be paid from immediately available funds of the Bank.

## **Substitution of the Letter of Credit**

The Authority may at any time and from time to time obtain a substitute or alternate Letter of Credit to replace the Letter of Credit. The Authority shall cause the Issuing and Paying Agent to provide written notice by first-class mail, postage prepaid, or by electronic means of communication to the applicable Owners and the Dealer for the Commercial Paper Notes no less than 30 days prior to the proposed delivery of the substitute or alternate Letter of Credit (unless 30 days’ notice is not practical, in which case notice shall be given as soon as practical). Such substitute or alternate Letter of Credit must go into effect on a date on which all Commercial Paper Notes then Outstanding are scheduled to mature. Prior to the Issuing and Paying Agent’s release of an existing Letter of Credit and acceptance of a substitute or alternate Letter of Credit, the following shall be delivered to the Issuing and Paying Agent: (i) a legal opinion of counsel to the successor Bank to the effect that the substitute or alternate Letter of Credit is a legal, valid and binding obligation of the issuing Bank and is enforceable against such Bank in accordance with its terms; (ii) an opinion of Bond Counsel to the effect that the substitution of the Letter of Credit is authorized under the Issuing and Paying Agent Agreement, and with respect to the Series B Notes, an opinion of Bond Counsel to the effect that the substitution of the Letter of Credit will not, in and of itself, adversely affect the exclusion from gross

income for federal tax purposes of interest on such Commercial Paper Notes; and (iii) written evidence from each Rating Agency of the rating on the Commercial Paper Notes on and after the delivery of such substitute or alternate Letter of Credit. The Issuing and Paying Agent shall promptly give notice of the acceptance of such substitute or alternate Letter of Credit to the applicable Owners and the Dealer for the Commercial Paper Notes to be supported thereby by first-class mail, postage prepaid, or by electronic means of communication.

## SECURITY FOR THE COMMERCIAL PAPER NOTES

The Commercial Paper Notes are further secured by a pledge of the Net Revenues of the Authority, subject to the prior payment of the Authority's Revenue Refunding Bonds, 2010 Series B (Federally Taxable), the Revenue Refunding Bonds, 2019 Series A and the Refunding Bonds, 2024 Series A and any additional bonds issued on parity with the foregoing bonds (collectively, the "Senior Bonds"), in each case outstanding from time to time under the Indenture of Trust, dated as of April 1, 2004 (as amended and supplemented to the date hereof, the "Senior Lien Indenture"), between the Authority and The Bank of New York Mellon Trust Company, N.A., as trustee. Net Revenues are generally defined in the Issuing and Paying Agent Agreement as all revenues from the Project and all interest, profits and other income received from the investment and reinvestment of such revenues and such additional sources of revenue pledged to pay the Senior Bonds, but excluding all amounts which are required to be used to pay the operation and maintenance costs of the Project and the principal of or interest on, or reserve requirements with respect to, Senior Bonds.

The Commercial Paper Notes are special, limited obligations of the Authority, and the payment of the principal of and interest on maturing Commercial Paper Notes is secured by a pledge of, lien on and security interest in the Net Revenues, subject to the prior payment of principal of and interest on the Senior Bonds, and amounts in certain funds and accounts provided in the Issuing and Paying Agent Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof or any member of the Authority (including the District) is pledged to the payment of the principal of or interest on the Commercial Paper Notes. No owner of a Commercial Paper Note shall have the right to compel the exercise of the taxing power of the State of California or any political subdivision thereof or any member of the Authority (including the District), to pay the Commercial Paper Notes or the interest thereon. The Authority has no taxing power whatsoever.

***Prospective investors should not expect that the Authority would be able to pay the Notes as the Notes mature. Accordingly, the investment decision to purchase Notes should be made solely on the basis of the creditworthiness of the Bank, which is issuing the Letter of Credit from which will be paid all principal of and interest on the Notes when due.***

## THE BANK

*The information under this caption has been furnished by the Bank for inclusion herein. This information has not been verified independently by the Authority, the District or the Dealer. None of the Authority, the District or the Dealer can and do make any representation as to the accuracy or completeness of such information or the absence of material adverse changes in such information subsequent to the date hereof. The delivery of this Offering Memorandum shall not create any implication that there has been no change in the affairs of the Bank since the date hereof or that the information contained or referred to under this caption is correct as of any time subsequent to the date hereof.*

## **Bank of America, N.A.**

Bank of America, N.A. is a national banking association organized under the laws of the United States, with its principal executive offices located in Charlotte, North Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the “Corporation”) and is engaged in a general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of March 31, 2025, the Bank had consolidated assets of \$2.615 trillion, consolidated deposits of \$2.072 trillion and stockholder’s equity of \$246.924 billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2024, together with its subsequent periodic and current reports filed with the Securities and Exchange Commission (the “SEC”).

The SEC maintains a website at [www.sec.gov](http://www.sec.gov) which contains the filings that the Corporation files with the SEC such as reports, proxy statements and other documentation. The reports, proxy statements and other information the Corporation files with the SEC are also available at its website, [www.bankofamerica.com](http://www.bankofamerica.com).

The information concerning the Corporation and the Bank is furnished solely to provide limited introductory information and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the referenced documents and financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as amended), and the publicly available portions of the most recent quarterly Call Report of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporation  
Office of the Corporate Secretary/Shareholder Relations  
One Bank of America Center  
100 North Tryon Street, NC1-007-56-06  
Charlotte, NC 28255

PAYMENTS OF PRINCIPAL AND INTEREST ON THE NOTES WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE NOTES WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO

## **CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.**

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to under this caption “Bank of America, N.A.” is correct as of any time subsequent to the referenced date.

## **THE ISSUING AND PAYING AGENT**

U.S. Bank Trust Company, National Association is currently serving as Issuing and Paying Agent for the Commercial Paper Notes pursuant to the Issuing and Paying Agent Agreement.

## **THE DEALER**

The Authority has appointed J.P. Morgan Securities LLC as the non-exclusive dealer with respect to the offering and sale of the Commercial Paper Notes.

## **INVESTMENT CONSIDERATION**

IN MAKING AN INVESTMENT DECISION REGARDING A POSSIBLE PURCHASE OF THE COMMERCIAL PAPER NOTES, PROSPECTIVE PURCHASERS OF THE COMMERCIAL PAPER NOTES SHOULD RELY SOLELY ON THE CREDIT OF THE BANK AND NOT ON THE CREDIT OF THE AUTHORITY OR THE DISTRICT. The purchase and ownership of the Commercial Paper Notes involve investment risk. Prospective purchasers of the Commercial Paper Notes are urged to read this Offering Memorandum in its entirety.

## **CERTAIN FEDERAL TAX MATTERS—SERIES A NOTES**

### **Series A Notes**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, interest on the Series A Notes is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) but is exempt from State of California personal income tax.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Series A Notes that acquire their Series A Notes in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the IRS with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Series A Notes as part of a hedge, straddle or an integrated or conversion transaction, or investors whose “functional currency” is not the U.S. dollar. Furthermore,

it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Series A Notes under state, local or non-U.S. tax laws except as specifically provided herein. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Series A Notes pursuant to this offering for the issue price that is applicable to such Series A Notes (i.e., the price at which a substantial amount of the Series A Notes are sold to the public) and who will hold their Series A Notes as “capital assets” within the meaning of Section 1221 of the Code.

As used herein, “U.S. Holder” means a beneficial owner of a Series A Note that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, “Non-U.S. Holder” generally means a beneficial owner of a Series A Note (other than a partnership) that is not a U.S. Holder. If a partnership holds Series A Notes, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Series A Notes, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Series A Notes (including their status as U.S. Holders or Non-U.S. Holders).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Series A Notes in light of their particular circumstances.

### **Tax Status of the Series A Notes**

The Series A Notes will be treated, for federal income tax purposes, as a debt instrument. Accordingly, interest will be included in the income of the holder as it is paid (or, if the holder is an accrual method taxpayer, as it is accrued) as interest.

Holders of the Series A Notes that allocate a basis in the Series A Notes that is greater than the principal amount of the Series A Notes should consult their own tax advisors with respect to whether or not they should elect to amortize such premium under section 171 of the Code.

If a holder purchases the Series A Notes for an amount that is less than the principal amount of the Series A Notes, and such difference is not considered to be de minimis, then such discount will represent market discount that ultimately will constitute ordinary income (and not capital gain). Further, absent an election to accrue market discount currently, upon a sale or exchange of a Series A Note, a portion of any gain will be ordinary income to the extent it represents the amount of any such market discount that was accrued through the date of sale.

## **Sale and Exchange of Series A Notes**

Upon a sale or exchange of a Series A Note, a holder generally will recognize gain or loss on the Series A Notes equal to the difference between the amount realized on the sale and its adjusted tax basis in such Series A Note. Such gain or loss generally will be capital gain (although any gain attributable to accrued market discount of the Series A Note not yet taken into income will be ordinary). The adjusted basis of the holder in a Series A Note will (in general) equal its original purchase price and decreased by any principal payments received on the Series A Note.

## **Defeasance**

In the event of a legal defeasance of a Series A Note, such Note might be treated as retired and “reissued” for federal tax purposes as of the date of the defeasance, potentially resulting in recognition of taxable gain or loss to the applicable Series A Note beneficial owner generally equal to the difference between the amount deemed realized from the deemed redemption and reissuance of the Series A Note and the beneficial owner’s adjusted tax basis in such note.

## **Foreign Investors**

Distributions on the Series A Notes to a Non-U.S. holder that has no connection with the United States other than holding its Series A Note generally will be made free of withholding tax, as long as the holder has complied with certain tax identification and certification requirements.

The federal income tax discussion set forth above with respect to the Series A Notes is included for general information only and may not be applicable depending upon a beneficial owner’s particular situation. The ownership and disposal of the Series A Notes and the accrual or receipt of interest with respect to the Series A Notes may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. BEFORE PURCHASING ANY OF THE SERIES A NOTES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR INDEPENDENT TAX ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES RELATING TO THE SERIES A NOTES AND THE TAXPAYER’S PARTICULAR CIRCUMSTANCES.

A copy of the proposed form of opinion of Bond Counsel for the Series A Notes is included herewith in Appendix A.

## **TAX EXEMPTION—SERIES B NOTES**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Series B Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that, with respect to applicable corporations as defined in Section 59(k) of the Code, generally certain corporations with more than \$1,000,000,000 of average annual adjusted financial statement income, interest with respect to the Series B Notes might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest on the Series B Notes is exempt from State of California personal income tax.



Bond Counsel's opinion as to the exclusion from gross income of interest on the Series B Notes is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority and others comply with all requirements of the Code, that must be satisfied subsequent to the issuance of the Series B Notes to assure that interest on the Series B Notes will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest on the Series B Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series B Notes. The Authority and others have covenanted to comply with all such requirements.

The IRS has initiated an expanded program for the auditing notes issues, including both random and targeted audits. It is possible that the Series B Notes will be selected for audit by the IRS. It is also possible that the market value of the Series B Notes might be affected as a result of such an audit of the Series B Notes (or by an audit of similar notes). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series B Notes to the extent that it adversely affects the exclusion from gross income of interest on the Series B Notes or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES B NOTES THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE SERIES B NOTES OR THE MARKET VALUE OF THE SERIES B NOTES. LEGISLATIVE CHANGES ARE, FROM TIME TO TIME, PROPOSED IN CONGRESS, WHICH, IF ENACTED, COULD RESULT IN ADDITIONAL FEDERAL INCOME TAX BEING IMPOSED ON CERTAIN OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES B NOTES. THE INTRODUCTION OR ENACTMENT OF ANY OF SUCH CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES B NOTES. NO ASSURANCE CAN BE GIVEN THAT, SUBSEQUENT TO THE ISSUANCE OF THE SERIES B NOTES, SUCH CHANGES (OR OTHER CHANGES) WILL NOT BE INTRODUCED OR ENACTED OR INTERPRETATIONS WILL NOT OCCUR. BEFORE PURCHASING ANY OF THE SERIES B NOTES, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES B NOTES.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Tax Certificate and other documents relating to the Series B Notes permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest on the Series B Notes for federal income tax purposes with respect to any Series B Note if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel will render an opinion that interest on the Series B Notes is excluded from gross income for federal income tax purposes provided that the Authority and others continue to comply with certain requirements of the Code, the ownership of the Series B Notes and the accrual or

receipt of interest with respect to the Series B Notes may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Series B Notes, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series B Notes.

A copy of the proposed form of opinion of Bond Counsel for the Series B Notes is included herewith in Appendix B.

### **MUNICIPAL ADVISOR**

The Authority has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with the Commercial Paper Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Offering Memorandum. PFM Financial Advisors LLC, is an independent advisory firm and is not engaged in the business of underwriting, trading, or distributing municipal or other public securities. The Municipal Advisor's contract with the Authority prohibits it from participating in the underwriting of any Authority debt. The Municipal Advisor will receive compensation from the Authority contingent upon the delivery of the Bank's Letter of Credit in substitution for the existing letter of credit.

### **LEGAL MATTERS**

Certain legal matters in connection with the authorization, issuance and sale of the Notes will be passed upon by Stradling Yocca Carlson & Rauth LLP, Sacramento, California, as Bond Counsel. A complete copy of the form of Bond Counsel opinion with respect to the Series A Notes is contained in Appendix A hereto. A complete copy of the proposed form of Bond Counsel opinion with respect to the Series B Notes is contained in Appendix B hereto. Certain legal matters in connection with the Letter of Credit have been passed upon by Chapman & Cutler LLP, as counsel for the Bank. Certain legal matters have been or will be passed upon for the Authority and the District by Griffith, Masuda & Hobbs, a Professional Law Corporation, Turlock, California, as Counsel to the Authority and the District. Neither Bond Counsel or Counsel to the Authority and District undertake any responsibility for the accuracy, completeness or fairness of this Offering Memorandum.

### **RATINGS**

S&P Global Ratings, a Standard & Poor's Financial Services LLC business and Fitch Ratings, Inc. have assigned ratings on the Commercial Paper Notes of "\_\_\_\_" and "\_\_\_\_," respectively. Each of such ratings is based on the issuance of the Letter of Credit by the Bank. Such ratings reflect only the views of such organizations and an explanation of the significance of such ratings may be obtained only from the respective rating agencies.

The Authority furnished to such rating agencies certain information regarding the Authority and the Commercial Paper Notes. The District furnished to such rating agencies certain information regarding the District. In addition, the Bank furnished certain information to such rating agencies regarding the Bank and the Letter of Credit. Generally, rating agencies base their ratings on the information and materials furnished to them and on their own investigations, studies and assumptions.

There is no assurance such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such change in or withdrawal of such ratings could have an adverse effect on the market price of the Commercial Paper Notes. The Authority undertakes no responsibility to oppose any such change or withdrawal.

The above ratings are not recommendations to buy, sell or hold the Commercial Paper Notes.

### **EXEMPTION FROM CONTINUING DISCLOSURE REQUIREMENTS**

The Commercial Paper Notes have a maximum maturity of two hundred seventy (270) days and are issued in authorized denominations of \$100,000 and integral multiples of \$1,000 in excess of \$100,000. Accordingly, the Commercial Paper Notes are exempt from the continuing disclosure requirements of Rule 15c2-12 promulgated by the SEC pursuant to the Securities Exchange Act of 1934, as amended, and no party or person, including the Authority and District, has undertaken to provide any continuing disclosure information in connection with the issuance of the Commercial Paper Notes.

### **ADDITIONAL INFORMATION**

Copies of the Letter of Credit, the Reimbursement Agreement, and the Issuing and Paying Agent Agreement, as well as of the Power Purchase Agreement, the Construction and Operation Agreement and other documents related to the Project and the Commercial Paper Notes, may be obtained from the Dealer. Copies may also be obtained from, and other inquiries may be made to, the Authority at the following address:

Walnut Energy Center Authority  
333 East Canal Drive  
Turlock, California 95381  
Attention: Assistant General Manager, Financial Services and Chief Financial Officer  
Turlock Irrigation District  
Telephone No.: (209) 883-8222  
Email: [bwstubbart@tid.org](mailto:bwstubbart@tid.org)

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## APPENDIX A

### FORM OF OPINION OF BOND COUNSEL REGARDING THE SERIES A NOTES

\_\_\_\_\_, 2025

Walnut Energy Center Authority  
333 East Canal Drive  
Turlock, California 95381

Walnut Energy Center Authority  
Subordinate Commercial Paper Notes, Series A (Taxable)

Members of the Board of Commissioners:

We have acted as Bond Counsel to the Walnut Energy Center Authority (the “Authority”) in connection with the authorization of the issuance of Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series A (Taxable) (the “Notes”). The Notes will be issued by the Authority pursuant to the terms of an Amended and Restated Issuing and Paying Agent Agreement dated as of August 1, 2025 (the “Issuing and Paying Agent Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association (the “Issuing and Paying Agent”). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Issuing and Paying Agent Agreement.

In connection with our representation we have examined a certified copy of the proceedings relating to the Notes. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the Notes from time-to-time under the laws of the State of California now in force, and assuming due authorization, execution and delivery by the Issuing and Paying Agent, the Issuing and Paying Agent Agreement is a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

2. The obligation of the Authority to make the payments of principal and interest on the Notes is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Interest on the Notes is exempt from State of California personal income tax.

Except as set forth in paragraph 3 above, we express no opinion as to any tax consequences related to the Notes. The scope of this opinion is limited to matters addressed above and no opinion

is expressed hereby regarding federal tax consequences that may arise due to ownership of the Notes. Before purchasing any of the Notes, all potential purchasers should consult their independent tax advisors with respect to the tax consequences relating to the Notes and the taxpayer's particular circumstances.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the rights and obligations under the Notes and the Issuing and Paying Agent Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Offering Memorandum relating to the Notes or other offering material relating to the Notes and expressly disclaim any duty to advise the owners of the Notes with respect to matters contained in the Offering Memorandum.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in pertinent existing state or Federal law; (ii) the representations, warranties and covenants of the parties contained in the Issuing and Paying Agent Agreement, the Reimbursement Agreement, dated as of August 1, 2025 (the "Reimbursement Agreement"), by and between the Authority and Bank of America, N.A., and certain certificates dated the date hereof and delivered by authorized officers of the Authority and Turlock Irrigation District remain true and accurate and are complied with in all material respects; and (iii) no litigation affecting the execution and delivery or legality of the Notes is pending or threatened at the time of the delivery of any such instruments.

Respectfully submitted,

## **APPENDIX B**

### **FORM OF OPINION OF BOND COUNSEL REGARDING THE SERIES B NOTES**

\_\_\_\_\_, 2025

Walnut Energy Center Authority  
333 East Canal Drive  
Turlock, California 95381

Walnut Energy Center Authority  
Subordinate Commercial Paper Notes, Series B (Non-AMT)

Members of the Board of Commissioners:

We have acted Bond Counsel to the Walnut Energy Center Authority (the “Authority”) in connection with the authorization of the issuance of Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series B (Non-AMT) (the “Notes”). The Notes will be issued by the Authority pursuant to the terms of an Amended and Restated Issuing and Paying Agent Agreement dated as of August 1, 2025 (the “Issuing and Paying Agent Agreement”), by and between the Authority and U.S. Bank Trust Company, National Association (the “Issuing and Paying Agent”). All capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Issuing and Paying Agent Agreement.

In connection with our representation we have examined a certified copy of the proceedings relating to the Notes. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigations.

Based upon the foregoing and after examination of such questions of law as we have deemed relevant in the circumstances, but subject to the limitations set forth herein, we are of the opinion that:

1. The proceedings of the Authority show lawful authority for the issuance and sale by the Authority of the Notes from time-to-time under the laws of the State of California now in force, and assuming due authorization, execution and delivery by the Issuing and Paying Agent, the Issuing and Paying Agent Agreement is a valid and binding obligation of the Authority enforceable against the Authority in accordance with its terms.

2. The obligation of the Authority to make the payments of principal and interest on the Notes is an enforceable obligation of the Authority and does not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limit or restriction.

3. Under existing statutes, regulations, rulings and judicial decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that, with respect to applicable corporations as defined in Section 59(k)

of the Internal Revenue Code of 1986, as amended (the “Code”), interest with respect to the Notes might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations.

4. Interest on the Notes is exempt from State of California personal income tax.

The opinions expressed herein as to the exclusion from gross income of interest on the Notes are based upon certain representations of fact and certifications made by the Authority, the Turlock Irrigation District (the “District”) and others and are subject to the condition that the Authority and the District comply with all requirements of the Code that must be satisfied subsequent to issuance of the Notes to assure that interest on the Notes will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The Authority and the District have covenanted to comply with all such requirements.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Issuing and Paying Agent Agreement and the Tax Certificate relating to the Notes permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest for federal income tax purposes with respect to the Notes if any such action is taken or omitted based upon the opinion or advice of counsel other than Stradling Yocca Carlson & Rauth LLP. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Notes.

The opinions expressed herein are based upon our analysis and interpretation of existing laws, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities.

We call attention to the fact that the rights and obligations under the Notes and the Issuing and Paying Agent Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Offering Memorandum relating to the Notes or other offering material relating to the Notes and expressly disclaim any duty to advise the owners of the Notes with respect to matters contained in the Offering Memorandum.

Unless otherwise notified by us, you may continue to rely on this opinion to the extent that (i) there is no change in pertinent existing state or Federal law; (ii) the representations, warranties and covenants of the parties contained in the Issuing and Paying Agent Agreement, the Reimbursement Agreement, dated as of August 1, 2025 (the “Reimbursement Agreement”), by and between the



Authority and Bank of America, N.A. and certain certificates dated the date hereof and delivered by authorized officers of the Authority and the District remain true and accurate and are complied with in all material respects; and (iii) no litigation affecting the execution and delivery or legality of the Notes is pending or threatened at the time of the delivery of any such instruments.

Respectfully submitted,

## APPENDIX C

### INFORMATION REGARDING DTC AND THE BOOK-ENTRY ONLY SYSTEM

*The following information concerning DTC and DTC's book-entry system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the accuracy or completeness thereof.*

DTC, New York, NY, will act as securities depository for the Notes. The Notes will be executed and delivered as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Notes representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Issuing and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Issuing and Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Issuing and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the Authority or the Issuing and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Notes will be printed and delivered to DTC.

REIMBURSEMENT AGREEMENT

dated as of

August 1, 2025

between

WALNUT ENERGY CENTER AUTHORITY

and

BANK OF AMERICA, N.A.

Relating to

\$40,000,000

Walnut Energy Central Authority  
Subordinate Commercial Paper Notes, Series A (Taxable) and  
Series B (Non-AMT)

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## REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT dated as of August 1, 2025 (as amended, restated, or otherwise modified from time to time in accordance with its terms, the “*Reimbursement Agreement*”), is between WALNUT ENERGY CENTER AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “*Authority*”), and BANK OF AMERICA, N.A. (the “*Bank*”).

### WITNESSETH

WHEREAS, the Walnut Energy Center Authority intends to issue its Subordinate Commercial Paper Notes, Series A (Taxable) and Series B (Non-AMT) (collectively, the “*Notes*”) from time to time in the aggregate principal amount of up to \$40,000,000 outstanding at any time, pursuant to the Issuing and Paying Agent Agreement and the Act (capitalized terms used herein and not otherwise defined shall have the meanings given such terms in Section 1.1 hereof);

WHEREAS, the Authority intends to issue Notes to provide moneys to purchase materials, supplies and services for Project purposes, including, but not limited to, natural gas or the rights thereto; paying the principal of and interest on maturing Notes; and paying for costs of issuing the Notes; and

WHEREAS, the Authority has requested that the Bank issue in favor of the Issuing and Paying Agent (as hereinafter defined), for the account of the Authority and for the benefit of the holders from time to time of the Notes, an irrevocable direct-pay letter of credit substantially in the form attached hereto as Exhibit A in the initial stated amount of \$43,600,000 (as completed, executed and issued, the “*Letter of Credit*”); and

WHEREAS, in order to induce the Bank to issue the Letter of Credit, the Authority has agreed to reimburse the Bank for all amounts advanced by it under the Letter of Credit and to pay interest on such amounts as well as certain costs, fees and expenses, all as provided herein;

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants contained herein, and in order to induce the Bank to issue the Letter of Credit, the parties agree as follows:

### ARTICLE I

#### DEFINITIONS

*Section 1.1. Definitions.* For purposes of this Reimbursement Agreement, capitalized terms used herein which are not defined herein shall have the meanings set forth in the Issuing and Paying Agent Agreement. In addition, the following terms shall have the following meanings:

“*Act*” means Chapter 5 of Division 7 of Title 1 (Sections 6500 through 6599, inclusive) of the California Government Code.

*“Advance”* has the meaning set forth in Section 2.10(a)(i) hereof, and shall include, without limitation, any Advance converted into a Term Loan pursuant to Section 2.10(a)(iv) hereof.

*“Affiliate”* means any other Person controlling or controlled by or under common control with the Authority. For purposes of this definition, “control,” when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

*“Alternate Credit Facility”* means a letter of credit or other credit or liquidity facility delivered to the Issuing and Paying Agent in replacement of the Letter of Credit.

*“Amortization Date”* means the earlier to occur of (i) the date that is ninety-one (91) days from the date the related Advance was made and (ii) the Stated Expiration Date.

*“Anti-Corruption Laws”* means all laws, rules, and regulations of any jurisdiction applicable to the Authority from time to time concerning or relating to bribery or corruption.

*“Anti-Money Laundering Laws”* means applicable laws or regulations in any jurisdiction in which the Authority is located or doing business that relates to money laundering, any predicate crime to money laundering, or any financial record keeping and reporting requirements related thereto.

*“Asset Contribution Agreement”* means the Asset Contribution Agreement, dated as of March 31, 2004, by and between the District and the Authority, as it may be amended or supplemented from time to time.

*“Authority”* means Walnut Energy Center Authority, a joint powers authority duly organized and existing pursuant to the Law and the Joint Powers Agreement, and any successors or assigns of the Authority permitted pursuant to the terms of this Reimbursement Agreement.

*“Authorized Representative”* means the President, Chief Executive Officer or Treasurer of the Authority, or any acting or interim President, Chief Executive Officer or Treasurer of the Authority

*“Bank”* means Bank of America, N.A., and its successors and assigns.

*“Bank Agreement”* means any credit agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement, direct purchase agreement, bond purchase agreement, or other agreement or instrument (or any amendment, supplement or other modification thereof) under which, directly or indirectly, any Person or Persons undertake(s) to make or provide funds to make payment of, or to purchase or provide credit enhancement for, bonds or notes or commercial paper of the Authority secured by or payable from Net Revenues; *provided, however*, that any indenture, installment purchase agreement, installment sale agreement, trust agreement, loan agreement or similar agreement entered into by the Authority in connection with participation in a State or federal loan program, grant program or similar program or in connection with solely

a public offering of bonds, notes or other debt obligations issued by or on behalf of the Authority shall not constitute a Bank Agreement.

*“Bank Note”* has the meaning set forth in Section 2.16 hereof.

*“Bank Rate”* means, for each date of determination, a fluctuating rate per annum equal to (i) for any day commencing on the date such Drawing is made up to and including the ninetieth (90th) day next succeeding the date such Drawing was made, the Base Rate from time to time in effect and (ii) for any day commencing on the ninety-first (91st) day next succeeding the date such Drawing was made and at all times thereafter, the Base Rate from time to time in effect plus one percent (1.00%); *provided, however*, that immediately and upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuation of such Event of Default, *“Bank Rate”* shall mean the Default Rate; *provided, further*, that in no event shall the Bank Rate be less than the applicable rate on any Notes.

*“Base Rate”* means, for any day, a fluctuating rate of interest per annum equal to the greatest of (a) the Prime Rate in effect at such time plus one and one-half percent (1.50%), (b) the Federal Funds Rate in effect at such time plus three percent (3.00%), and (c) seven and one-half percent (7.50%).

*“Bond Counsel”* means (i) Stradling Yocca Carlson & Rauth LLP, or (ii) another attorney or firm of attorneys nationally recognized in the area of municipal bonds selected by the Authority.

*“Business Day”* means any day other than (i) a Saturday, Sunday or other day on which commercial banks in New York, New York, Los Angeles, California, the city in which the Corporate Trust Office of the Issuing and Paying Agent is located, or the city in which is located the office of the Bank from which an Drawing under the Letter of Credit will be made, are authorized or required by law to close, (ii) a legal holiday of the Authority or any other day the Authority is authorized to be closed for official business or (iii) a day on which the New York Stock Exchange of the Federal Reserve Bank of New York is closed.

*“Change in Law”* means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, shall in each case be deemed to be a *“Change in Law”*, regardless of the date enacted, adopted or issued.

*“Closing Date”* means the date on which the Letter of Credit is issued.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

“*Construction and Operation Agreement*” means the Construction and Operation Agreement, dated as of March 31, 2004, between the District, as operator, and the Authority, as owner, as it may be amended or supplemented from time to time.

“*Dealer*” means J.P. Morgan Securities LLC or any replacement firm which is acting as a dealer in the Notes and is appointed as such by the Authority.

“*Dealer Agreement*” means an agreement between the Authority and a commercial paper note dealer relating to the sale of the Notes, as the same may be amended, supplemented, modified or restated from time to time in accordance with its terms and the terms hereof, or any similar agreement with a substitute or successor Dealer or an additional Dealer.

“*Debt*” of any Person means at any date, without duplication, (i) all obligations of such Person for borrowed money, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business (including, without limitation, accounts payable to construction contractors and other professionals for services rendered), (iv) all obligations of such Person as lessee under capital leases, (v) all Debt of others secured by a Lien on any asset of such Person, whether or not such Debt is assumed by such Person, (vi) all Debt of others guaranteed by such Person, and (vii) all obligations of such Person under any Swap Contract.

“*Default*” means an event that with the giving of notice or passage of time, or both, shall constitute an Event of Default

“*Default Rate*” means, for any day, a rate of interest per annum equal to the sum of the Base Rate in effect on such day plus three percent (3.00%).

“*Designated Jurisdiction*” means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

“*District*” shall mean the Turlock Irrigation District, an irrigation district duly organized and existing under Division 11 (commencing with Section 20500) of the California Water Code.

“*District Documents*” shall mean the Asset Contribution Agreement, the Construction and Operation Agreement, the Interconnection Agreement and the Power Purchase Agreement.

“*Drawing*” shall mean a drawing under the Letter of Credit in accordance with its terms to pay the principal of and interest on the Notes.

“*EMMA*” means the Electronic Municipal Market Access system and any successor thereto.

“*ERISA*” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“*Event of Default*” shall have the meaning set forth in Section 7.1 hereof.

“*Excluded Taxes*” means any taxes measured by or based upon the overall net income of the Bank or any Participant and any franchise taxes or branch profits taxes imposed on the Bank or any Participant as a result of a present or future connection between the jurisdiction of the Governmental Authority imposing such tax and the Bank or such Participant.

“*Existing Bank*” means Wells Fargo Bank, National Association.

“*Existing Credit Facility*” means that certain Irrevocable Letter of Credit, dated August 25, 2022, issued by the Existing Bank, in support of the Notes.

“*Federal Funds Rate*” means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank. Notwithstanding anything herein to the contrary, if the Federal Funds Rate determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

“*Fee Letter*” means that certain Fee Letter, dated August 25, 2025, between the Authority and the Bank, as amended, restated, or otherwise modified from time to time in accordance with its terms.

“*Final Drawing Notice*” shall mean a Final Drawing Notice in the form of the certificate attached to the Letter of Credit as Annex E.

“*Final Maturity Date*” means, with respect to any Advance, the earliest to occur of: (a) the third (3rd) anniversary of the date such Advance was made, (b) the third (3rd) anniversary of the Stated Expiration Date, (c) the date on which an Alternate Credit Facility becomes effective in substitution of the Letter of Credit, (d) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms (other than solely as a result of the Letter of Credit terminating on the Stated Expiration Date), including as a result of the occurrence of an Event of Default, (e) the Business Day on which Notes or bonds are sold, the proceeds of which are legally available to repay Reimbursement Obligations and (f) the expiration date of the program relating to the Notes.

“*Fitch*” means Fitch Ratings, Inc. and its successors and assigns.

“GAAP” means generally accepted accounting principles in the United States as in effect from time to time, applied on a basis consistent with those used in preparation of the audit report referred to in Section 5.2 hereof.

“*Governmental Authority*” means any federal, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, commission, bureau or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any zoning authority, the Federal Deposit Insurance Corporation or the Federal Reserve Board, any central bank or any comparable authority), or any arbitrator with authority to bind a party at law.

“*Holders*” shall mean the Holders of Notes.

“*Indemnified Party*” has the meaning given to that term in Section 8.3(a) hereof.

“*Initial Amortization Payment Date*” means the date that is one hundred eighty (180) days from the date the related Advance was converted to a Term Loan pursuant to Section 2.10(a)(iii) hereof.

“*Initial Stated Amount*” has the meaning set forth in Section 2.1(a) hereof.

“*Interconnection Agreement*” means the Electrical Interconnection Agreement, dated as of March 31, 2004, between the District, as interconnecting utility, and the Authority, as interconnection customer, as it may be amended or supplemented from time to time.

“*Issuing and Paying Agent*” means the institution appointed from time to time by the Authority to act as issuing and paying agent under the Issuing and Paying Agent Agreement, initially U.S. Bank Trust Company, National Association.

“*Issuing and Paying Agent Agreement*” means the Amended and Restated Issuing and Paying Agent Agreement dated as of August 1, 2025, between the Authority and the Issuing and Paying Agent, as it may be amended or supplemented from time to time.

“*Joint Powers Agreement*” means the Joint Powers Agreement dated as of December 9, 2003, between the District and the Merced Irrigation District, as it may be amended or supplemented from time to time.

“*Laws*” means federal, regional, state and local laws, statutes, rules, ordinances, regulations, codes, licenses, authorizations, decisions, injunctions, interpretations, orders or decrees of any court or other Governmental Authority having jurisdiction as may be in effect from time to time.

“*Letter of Credit*” has the meaning set forth in the recitals hereof.

*“Lien”* means any mortgage, deed of trust, lien, security interest, assignment, pledge, charge, hypothecation or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale or other title retention arrangement.

*“Loan”* means any Advance or Term Loan made by the Bank pursuant to Section 2.10 hereof.

*“Material Adverse Effect”* means: (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Authority; (b) a material impairment of the ability of the Authority to perform its obligations under any Related Document to which it is a party; or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Authority of any Related Document to which it is a party or the rights, security or remedies of the Bank or under any other Related Document.

*“Maximum Rate”* means the maximum non-usurious lawful rate of interest permitted by applicable law.

*“Moody’s”* means Moody’s Investors Service, Inc., and its successors and assigns.

*“Net Revenues”* has the meaning given to that term in the Issuing and Paying Agent Agreement.

*“No Issuance Notice”* shall mean a No Issuance Notice in the form of the certificate attached to the Letter of Credit as Annex H.

*“Notes”* means the Series A Notes and the Series B Notes, executed and delivered under and entitled to the benefits of the Issuing and Paying Agent Agreement.

*“Obligations”* means the Reimbursement Obligations, the obligations of the Authority under the Bank Note, and all other payment obligations of the Authority to the Bank arising under or in relation to this Reimbursement Agreement, the Fee Letter, the Bank Note and/or Loans, including in each case, all interest payable thereon.

*“OFAC”* means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

*“Offering Materials”* means the Offering Memorandum dated [August \_\_], 2025], and such other disclosure documents with respect to the Notes and the Authority as may be prepared by the Authority or the Dealers from time to time in connection with the offering and sale of Notes.

*“Offering Memorandum”* shall mean the offering memorandum relating to the issuance and sale of the Notes, including any supplement or amendment to such offering memorandum.

*“Operation and Maintenance Costs”* has the meaning assigned to that term in the Senior Lien Indenture.

*“Other Taxes”* has the meaning set forth in Section 2.18(b) hereof.

*“Outstanding”* (i) with respect to the Notes, shall have the meaning assigned to such term in the Issuing and Paying Agent Agreement; and (ii) with respect to the Bank Note, means all unreimbursed Drawings evidenced by the Bank Note, including the interest thereon, not repaid by the Authority.

*“Participant”* means any financial institution or other Person now or hereafter directly or indirectly participating in the rights and obligations of the Bank pursuant to Section 8.17 hereof.

*“Patriot Act”* means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

*“Payment Obligations”* means any and all obligations of the Authority to pay or reimburse the Bank contained in or evidenced by any Related Document, including, without limitation, obligations to reimburse the Bank for all Drawings under the Letter of Credit, all obligations to repay the Bank for any Advance and any Term Loan, including all interest accrued thereon, all amounts owing under the Bank Note, the fees relating to the Letter of Credit and all other obligations of the Authority to the Bank arising under, or in relation to, or evidenced by, this Reimbursement Agreement, the Fee Letter and the Bank Note.

*“Person”* means an individual, a corporation, a partnership, an association, a limited liability company, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

*“Plan”* means an employee pension benefit plan which is covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code.

*“Power Purchase Agreement”* means the Power Purchase Agreement, dated as of March 31, 2004, by and between the Authority, as seller, and the District, as purchaser, as it may be amended or supplemented from time to time.

*“Prime Rate”* means the rate of interest announced by the Bank from time to time as its prime commercial rate or equivalent, as in effect on such day for United States dollar loans, with any change in the Prime Rate resulting from a change in said prime commercial rate to be automatically and immediately effective as of the date of the relevant change in said prime commercial rate, it being understood that such rate may not be the Bank’s best or lowest rate. Any change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

*“Project”* means the approximately 250 megawatt gas-fired, combined-cycle power plant and related facilities, and other items to be supplied by the Authority or the District and any



addition, betterment or other renewal, replacement, extension or improvement thereto, as more fully described in the Construction and Operation Agreement.

*“Project Revenues”* has the meaning assigned to that term in the Senior Lien Indenture.

*“Property”* means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

*“Rating Agency”* means, individually or collectively, as applicable, any of Fitch, Moody’s or S&P.

*“Recipient”* means the Bank or any other recipient of any payment to be made by or on account of any obligation of the Authority hereunder.

*“Reimbursement Agreement”* has the meaning set forth in the preamble and includes all of the Exhibits attached hereto, all of which are incorporated herein by this reference and made a part hereof.

*“Reimbursement Obligations”* means, collectively, any and all other payment obligations of the Authority to reimburse the Bank for any Drawings under the Letter of Credit and all obligations to repay the Bank for any Loans, including in each instance all interest accrued thereon.

*“Related Documents”* means, collectively, this Reimbursement Agreement, the Fee Letter, the Notes, the Bank Note, the Senior Lien Indenture, the Issuing and Paying Agent Agreement, the Letter of Credit, the Joint Powers Agreement, the Dealer Agreement, and any exhibits, instruments or agreements relating thereto, as the same may be amended, modified or supplemented in accordance with their terms and the terms hereof from time to time.

*“Related Parties”* means, with respect to any Person, such Person’s Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person’s Affiliates.

*“Revenue Fund”* has the meaning given to that term in the Senior Lien Indenture.

*“S&P”* means S&P Global Ratings and its successors.

*“Sanctioned Person”* means, at any time, (a) any Person or group listed in any Sanctions related list of designated Persons maintained by OFAC or the U.S. Department of State, the United Nations Security Council, the European Union or any EU member state, (b) any Person or group operating, organized or resident in a Sanctioned Country, (c) any agency, political subdivision or instrumentality of the government of a Sanctioned Country, or (d) any Person 50% or more owned, directly or indirectly, by any of the above.

*“Sanctioned Country”* means, at any time, any country or territory which is itself the subject or target of any comprehensive Sanctions.

“*Sanctions*” means any sanction administered or enforced by the United States Government (including, without limitation, OFAC), the United Nations Security Council, the European Union, His Majesty’s Treasury ( “*HMT*”) or other relevant sanctions authority.

“*Senior Lien Bonds*” has the meaning assigned to that term in the Issuing and Paying Agent Agreement.

“*Senior Lien Indenture*” means that certain Indenture of Trust, dated as of April 1, 2004, by and between the Authority and The Bank of New York Mellon Trust Company, N.A.as trustee, as amended and supplemented, and as it may be further amended and supplemented in accordance therewith.

“*Series A Notes*” means the Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series A (Taxable), executed and delivered under and entitled to the benefits of the Issuing and Paying Agent Agreement.

“*Series B Notes*” means the Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series B (Non-AMT), executed and delivered under and entitled to the benefits of the Issuing and Paying Agent Agreement.

“*State*” means the State of California.

“*Stated Amount*” shall mean the amount set forth in the Letter of Credit as the “*Stated Amount*,” as such amount is reduced and reinstated from time to time in accordance with the terms of the Letter of Credit.

“*Stated Expiration Date*” has the meaning set forth in the Letter of Credit. As of the Closing Date, the Stated Expiration Date is August 25, 2028.

“*Subordinated Debt*” means Debt of the Authority secured by or payable from Net Revenues on parity with the Notes and the Bank Note.

“*Swap Contract*” means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a “*Master Agreement*”), including any such obligations or liabilities under any Master Agreement.

“*Taxes*” has the meaning set forth in Section 2.18(a) hereof.

“*Term Loan*” means each term loan made by the Bank to the Authority pursuant to Section 2.10(a)(iii) hereof on an Amortization Date.

“*Termination Date*” means the earlier of (a) the Stated Expiration Date of the Letter of Credit or (b) the date on which the Letter of Credit shall terminate pursuant to its terms or otherwise be terminated prior to the Stated Expiration Date.

“*Written*” or “*In Writing*” means any form of written communication or a communication by means of facsimile.

*Section 1.2. Accounting Terms.* All accounting terms used herein without definition shall be interpreted in accordance with GAAP, and except as otherwise expressly provided herein all accounting determinations required to be made pursuant to this Reimbursement Agreement shall be made in accordance with GAAP.

*Section 1.3. Terminology.* References to “Articles,” “Sections,” “Subsections,” “Recitals,” and “Exhibits” shall be to articles, sections, subsections, recitals, and exhibits of this Reimbursement Agreement unless otherwise specifically provided. Any of the terms defined in this Reimbursement Agreement may be used in singular or plural form. As used herein, the singular includes the plural, and the masculine gender includes the feminine and neutral genders, and vice versa, unless the context clearly requires otherwise.

*Section 1.4. Incorporation of Certain Definitions by Reference.* Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Issuing and Paying Agent Agreement and the Notes, as applicable, unless the context requires otherwise.

*Section 1.5. Computation of Time Periods.* In this Reimbursement Agreement, in the computation of a period of time from a specified date to a later specified date, unless otherwise specified herein, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding.”

*Section 1.6. New York City Time Presumption.* All references herein to times of the day shall be presumed to refer to New York City time unless otherwise specified.

## ARTICLE II

### LETTER OF CREDIT; FEES

*Section 2.1. Amount and Terms of Letter of Credit; Extension of Stated Expiration Date.*  
(a) The Bank agrees, on the terms and subject to the conditions hereinafter set forth and relying upon the representations and warranties set forth herein or incorporated herein by reference, to issue the Letter of Credit in an initial stated amount equal to \$43,600,000 (the “*Initial Stated*”

*Amount*”), representing the maximum principal amount of the Notes in the amount of \$40,000,000 and interest thereon computed on the basis of an assumed interest rate of 12% per annum for a period of 270 days and a year of 360 days. The Letter of Credit shall be issued to the Issuing and Paying Agent on the Closing Date for the account of the Authority.

(b) The Stated Expiration Date for the Letter of Credit is set forth in the Letter of Credit; provided that such date shall be subject to extension upon the request of the Authority and with the written consent of the Bank in its sole discretion. Any request made by the Authority shall be made by written notice to the Bank no sooner than one hundred eighty (180) days prior to the then existing Stated Expiration Date and the Bank shall consent to or deny the request for extension within forty-five (45) days following its receipt of the Authority’s request for extension. If for any reason the Bank fails to consent to or deny the Authority’s request for an extension or fails to respond to the Authority’s request for an extension, the request shall be deemed to be denied by the Bank.

*Section 2.2. Fees.* The Authority shall pay to the Bank fees and expenses in the amounts and on the dates and at the times set forth in the Fee Letter. Any reference herein or in any other document to fees and/or other amounts or obligations payable hereunder shall include, without limitation, all fees and other amounts or obligations payable pursuant to the Fee Letter. The terms of the Fee Letter are hereby incorporated herein by reference as if fully set forth herein. All fees paid under this Reimbursement Agreement and the Fee Letter will be fully earned when due and nonrefundable when paid.

*Section 2.3. Expenses.* The Authority shall pay to the Bank within thirty (30) days of demand by the Bank, all reasonable costs, charges, fees and expenses of the Bank (including, without limitation, taxes, if any, and the reasonable fees and expenses of counsel for the Bank as provided herein and in the Fee Letter) in connection with this Reimbursement Agreement, the Letter of Credit and the transactions contemplated hereby and thereby, including, without limitation, any such costs, charges, fees and expenses incurred in connection with: (a) the preparation and negotiation of this Reimbursement Agreement, any other Related Documents or the Letter of Credit; (b) the closing of the transactions contemplated by this Reimbursement Agreement and the issuance of the Letter of Credit; (c) any amendment, waiver, consent or modification of, or with respect to, this Reimbursement Agreement, any other Related Document or the Letter of Credit; (d) the perfection, protection, exercise or enforcement of any of the Bank’s rights under this Reimbursement Agreement, any other Related Document or the Letter of Credit; (e) any certificates required by the Bank from insurance specialists and other professionals; (f) any action or proceeding relating to a court order, injunction, or other process or decree restraining or seeking to restrain the Bank from paying any amount under the Letter of Credit; or (g) enforcement by the Bank of any obligations of, or in collecting any payments due from, the Authority hereunder, under any other Related Document, under the Letter of Credit or in connection with any refinancing or restructuring of the credit arrangements provided under this Reimbursement Agreement in the nature of a “work out” or of any insolvency or bankruptcy proceedings. The obligation of the Authority to pay all reasonable costs and expenses of the Bank shall continue notwithstanding any failure to satisfy the conditions of Article III hereof and shall survive the termination of the Letter of Credit and this Reimbursement Agreement. Except with respect to

clause (g) above, the Bank will furnish to the Authority upon request an itemized statement of all costs, charges, fees and expenses demanded by the Bank under this Section.

*Section 2.4. Reduction and Reinstatement of the Stated Amount of the Letter of Credit.* The Stated Amount of the Letter of Credit shall be reduced and reinstated as set forth in the Letter of Credit. The Authority hereby irrevocably approves of reductions and reinstatements set forth in the Letter of Credit. Notwithstanding the foregoing and anything set forth herein to the contrary, the Authority agrees not to permanently reduce the Initial Stated Amount of the Letter of Credit except in accordance with the terms of the Related Documents and Section 2.9 of this Reimbursement Agreement.

*Section 2.5. Drawings under the Letter of Credit.* The Issuing and Paying Agent is authorized to make Drawings under the Letter of Credit in accordance with its terms. If demand for payment under the Letter of Credit is properly presented as provided therein and in strict conformity with the requirements thereof, payment shall be made by the Bank, and the Authority hereby directs the Bank to make such payments, to the Issuing and Paying Agent, in immediately available funds, at such times as provided in and in accordance with the provisions of the Letter of Credit. All payments made by the Bank under the Letter of Credit shall be made with the Bank's own funds.

*Section 2.6. Manner and Time of Payment.* Except as otherwise expressly provided herein, all payments to the Bank by the Authority under this Reimbursement Agreement, the Fee Letter and the Bank Note shall be made to the Bank in immediately available funds by ACH or wire transfer to the account designated for that purpose pursuant to Section 8.1 hereof not later than 4:00 p.m. New York City time (1:00 p.m. California time) on the date such payment is due. Funds received after such time shall be deemed to have been paid and received on the next succeeding Business Day and amounts not received on or before 4:00 p.m. New York City time (1:00 p.m. California time) on the date due shall bear interest at the Default Rate. All amounts payable to the Bank by the Authority hereunder, under the Fee Letter or under the Bank Note shall be paid without demand, presentment or notice of any kind on the date due, provided, that payments to be made under (a) Sections 2.3 and 8.3 hereof shall be payable only upon written demand therefor by the Bank and shall be due thirty (30) days after receipt of notice by the Authority of such demand and (b) Sections 2.12 and 2.18 hereof shall be due and payable as provided respectively therein.

*Section 2.7. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Reimbursement Agreement or the Fee Letter on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

*Section 2.8. Late Payments.* If the principal amount of any Payment Obligation is not paid when due, or upon the occurrence and during the continuance of any Event of Default, all Payment Obligations shall bear interest until paid in full at a rate per annum equal to the Default Rate from time to time in effect, payable on demand.

*Section 2.9. Termination of Letter of Credit; Replacement of Letter of Credit.*

(a) Notwithstanding any provisions of this Reimbursement Agreement to the contrary, the Authority agrees not to terminate or permanently reduce the Letter of Credit, except upon (i) the payment by the Authority to the Bank of any fee required by the terms of this Reimbursement Agreement or the Fee Letter, (ii) the payment to the Bank of all other Payment Obligations payable hereunder, and (iii) the Authority providing the Bank and the Issuing and Paying Agent with fifteen (15) Business Days prior written notice of its intent to terminate or permanently reduce the Letter of Credit; provided that all payments to the Bank referred to in clause (i) and (ii) above shall be made immediately available funds; provided further, however, that any such termination of the Letter of Credit shall be in compliance with the terms and conditions of the Issuing and Paying Agent Agreement.

(b) Notwithstanding any provisions of this Reimbursement Agreement to the contrary, the Authority agrees not to replace the Letter of Credit prior to the Stated Expiration Date, except upon (i) the payment by the Authority to the Bank of any fee required by the terms of this Reimbursement Agreement or the Fee Letter, (ii) the payment to the Bank of all other Payment Obligations payable hereunder, and (iii) the Authority providing the Bank and the Issuing and Paying Agent with fifteen (15) Business Days prior written notice of its intent to replace the Letter of Credit. Any such replacement of the Letter of Credit shall be in compliance with the terms and conditions of the Issuing and Paying Agent Agreement. The Authority agrees that any replacement of the Letter of Credit as a result of the provision of any Alternate Credit Facility will require, as a condition thereto, that the Authority or the issuer of any Alternate Credit Facility will provide funds on the date of such replacement, which funds will be sufficient to pay in full at the time of replacement of the Letter of Credit all Payment Obligations due and owing to the Bank hereunder.

*Section 2.10. Reimbursement of Certain Drawings under the Letter of Credit; Mandatory Prepayment; Interest.* (a)(i) Each Drawing shall be reimbursed by the Authority in full on the date that such Drawing is made, *provided, however*, that if the conditions precedent set forth in Section 3.3 hereof are satisfied at the time of payment by the Bank of any Drawing, such Drawing made under the Letter of Credit shall constitute an advance ("*Advance*") to the Authority and shall be subject to the terms and conditions applicable to Advances under this Reimbursement Agreement. Unless the conditions precedent contained in Section 3.3 hereof are satisfied on the date of payment by the Bank of a Drawing, the Authority agrees to reimburse the Bank (i) for the full amount of such Drawing on the next Business Day following payment by the Bank of such Drawing; *provided, however*, that any portion of such Drawing that constitutes interest on the Notes shall be reimbursed by the Authority on the date the Bank makes a payment with respect to such Drawing. If the Authority does not make such reimbursement to the Bank with respect to such Drawing on such date, such Reimbursement Obligation shall bear interest at the Default Rate and be payable upon demand.

(ii) In all circumstances, the Authority promises to repay to the Bank on the date of the related Drawing the portion of each Drawing used to pay interest accrued on Notes. If the Authority does not make such reimbursement to the Bank with respect to the interest portion of such Drawing on such date, such Reimbursement Obligation shall bear interest at the Default Rate and such Reimbursement Obligation and interest thereon shall be payable upon demand.

(iii) The Authority promises to pay or cause to be paid to the Bank the principal portion of each Advance on the related Amortization Date; *provided*, that if the conditions precedent set forth in Section 3.3 hereof are satisfied on the Amortization Date, the unpaid principal amount of the related Advance shall convert into a Term Loan and shall be payable by the Authority pursuant to Section 2.10(a)(iv) hereof and the interest accrued on the related Advance to the Amortization Date shall be payable by the Authority on the related Amortization Date.

(iv) (a) Unless otherwise required to be paid in full on one of the dates provided above, the principal portion of each Term Loan shall be payable by the Authority in equal semi-annual installments ("*Semi-Annual Principal Payments*") commencing on the Initial Amortization Payment Date immediately succeeding the date the related Advance was made, and every six months thereafter, with the final installment in an amount equal to the entire then outstanding principal amount of such Advance due and payable on the Final Maturity Date (the period commencing on the Amortization Date and ending on the Final Maturity Date is referred to as the "*Amortization Period*"). Each Semi-Annual Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Semi-Annual Principal Payments over the applicable Amortization Period.

(b) Upon the Bank's receipt of any payment or prepayment of any Advance, the amount of such Advance shall be reduced by the amount of such payment or prepayment, with the Bank crediting any prepayment received, first to the payment of any outstanding interest accrued on the related Advance, and second to the payment of the principal of such Advance. Any such payment or prepayment to be applied to principal of Advances hereunder shall be applied to the prepayment of related Advances in chronological order of their issuance hereunder, and within each Advance, shall be applied *pro rata* to principal installments payable thereon. Following the occurrence of an Event of Default, any payments received by the Bank hereunder shall be applied by the Bank to the payment of the Obligations in such order as the Bank shall in its sole discretion determine.

(c) The payment of the principal of and interest on the Bank Note shall constitute payment of the principal of and interest on the related Reimbursement Obligations and the payment of the principal of and interest on the Reimbursement Obligations shall constitute the payment of and principal and interest on the Bank Note. The failure to make any payment on any Reimbursement Obligation when due shall be a failure to make a payment on the Bank Note and the failure to make any payment on the Bank Note when due shall be a failure to make a payment on the related Reimbursement Obligation. The Authority shall repay the Bank Note on each date on which the Authority is required to make a principal payment on the corresponding Reimbursement Obligation in a principal amount equal to the amount of such Reimbursement Obligation so payable and due on such date. The Authority shall pay interest on the Bank Note on each date on which the Authority is required to make an interest payment with respect to the corresponding Reimbursement Obligation.

*Section 2.11. Interest; Default Rate.* (a) Subject to the provisions of subsection (b) below, the Authority shall pay interest on the unpaid principal amount of each Advance, from and including the date of such Advance until the principal amount of such Advance shall be paid in full, at the Bank Rate, payable monthly in arrears on the first Business Day of each month

(commencing on the first such date to occur after the making of such Advance), on the Final Maturity Date and on the date any Advance shall be paid or prepaid.

(b) (i) From and during the continuance of any Event of Default, all Obligations (including, without limitation, Advances) hereunder and under the Fee Letter shall thereafter bear interest at the Default Rate.

(ii) If any amount payable by the Authority hereunder, under the Fee Letter or under any other Related Document is not paid when due, whether at stated maturity or otherwise, such amount shall thereafter bear interest at the Default Rate.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest, to the extent permitted by law) shall be due and payable upon demand.

(c) All computations of interest due and owing hereunder shall be made by the Bank on the basis of a year of 365 or 366 days, in each case, for the actual number of days (including the first day but excluding the last day in the case of interest) occurring in the period for which such interest is payable. Fees payable hereunder and under the Fee Letter shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest shall accrue on each Advance from and after the date on which such Advance was made to and including the date on which such Advance is paid in full, *provided* that any Advance that is repaid on the date on which it is made shall bear interest for one day. Each determination by the Bank of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent demonstrable error. In addition, any calculation made pursuant to this Section 2.11(c) that would cause the interest paid, payable or accruing on the indebtedness of the Authority under this Reimbursement Agreement, the Fee Letter and the Bank Note to exceed the Maximum Rate shall be adjusted so as to reduce the interest paid, payable and accruing hereunder and thereunder to such Maximum Rate, as more fully set forth in Section 2.11(c) hereof. All sums paid or agreed to be paid to the Bank for the use, forbearance or detention of the indebtedness evidenced by the Advances shall, to the extent permitted by law, be amortized, prorated, allocated and spread throughout the full term of such Advances.

#### *Section 2.12. Increased Costs.*

(a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, the Bank;

(ii) subject any Recipient to any taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or



(iii) impose on the Bank any other condition, cost or expense affecting this Reimbursement Agreement, the Fee Letter or the Letter of Credit or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank of participating in, issuing or maintaining the Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank hereunder (whether of principal, interest or any other amount) then, upon request of the Bank, the Authority will pay to the Bank such additional amount or amounts as will compensate the Bank for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Bank determines that any Change in Law affecting the Bank or the Bank's holding company, if any, regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on the Bank's capital or liquidity or on the capital or liquidity of the Bank's holding company, if any, as a consequence of this Reimbursement Agreement, the Fee Letter or the Letter of Credit issued by the Bank, to a level below that which the Bank or the Bank's holding company could have achieved but for such Change in Law (taking into consideration the Bank's policies and the policies of the Bank's holding company with respect to capital adequacy), then from time to time the Authority will pay to the Bank such additional amount or amounts as will compensate the Bank or the Bank's holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank setting forth the amount or amounts necessary to compensate the Bank or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Authority shall be conclusive absent manifest error. The Authority shall pay the Bank the amount shown as due on any such certificate within thirty (30) days after receipt thereof.

(d) *Delay in Requests.* Failure or delay on the part of the Bank to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's right to demand such compensation. All of the Authority's obligations under this Section 2.12 shall survive termination of this Reimbursement Agreement, the cancellation of the Letter of Credit and the repayment, satisfaction or discharge of all other Payment Obligations.

(e) *Participants.* Notwithstanding anything to the contrary in this Section, in the event the Bank grants any participation to any Participant under this Reimbursement Agreement, the Authority shall not have any obligation to pay amounts pursuant to this Section in an amount greater than that which it would have been required to pay if the Bank had not granted such participation.

(f) *Survival.* The obligation of the Authority under this Section shall survive the termination of the Letter of Credit and this Reimbursement Agreement and the repayment of all amounts owing to the Bank hereunder and under the other Related Documents.

*Section 2.13. Security.* The Notes and Bank Note are secured by a lien on Net Revenues on a parity with the lien securing the Subordinated Debt. The Notes and Bank Note constitute special obligations payable solely from Net Revenues as defined in the Issuing and Paying Agent

Agreement. The Authority hereby pledges Net Revenues to secure the Notes and the Bank Note. Additionally, the Authority hereby pledges its Net Revenues to the payment of all Reimbursement Obligations on parity with the Subordinated Debt. The Authority hereby covenants to pay Obligations (other than Reimbursement Obligations) as Operation and Maintenance Costs. The Authority has no taxing power.

*Section 2.14. Absolute Obligations.* Each Payment Obligation of the Authority shall be performed strictly in accordance with this Reimbursement Agreement (subject to any modifications, waivers or consents by the Bank in accordance with the terms hereof) under any and all circumstances, and shall not be affected by (a) any lack of validity or enforceability of this Reimbursement Agreement or any other Related Document; (b) any amendment of, or any waiver or consent with respect to, this Reimbursement Agreement or any other Related Document, not inconsistent with the foregoing; (c) the existence of any claim, set off, defense or other right which the Authority may have at any time against the Bank, the Dealer, the Issuing and Paying Agent or any other Person, whether in connection with this Reimbursement Agreement, the transactions described herein or any unrelated transaction; (d) any breach of contract or other dispute between the Authority or any other Person; (e) any statement, certificate, draft or other document presented under the Letter of Credit proving to be forged, fraudulent, untrue, inaccurate, invalid or insufficient in any respect; (f) any payment by the Bank under the Letter of Credit against presentation of a certificate which does not comply with the terms of the Letter of Credit; (g) any non-application or misapplication by the Issuing and Paying Agent, the Dealer or any other Person (other than the Bank) of the proceeds of any Drawing under the Letter of Credit or of the proceeds of the Notes; (h) any delay, extension of time, renewal, compromise or other indulgence or modification (not inconsistent with the foregoing) agreed to by the Bank, with or without notice to or approval by the Authority, in respect of any of the obligations of the Authority to the Bank under this Reimbursement Agreement or any other Related Document; (i) any exchange, release, surrender, impairment or non-perfection of any Lien on any collateral pledged or otherwise provided to secure any of the obligations contemplated herein or in any other Related Document; (j) the occurrence of an Event of Default; or (k) any invalidity of the Notes. Nothing contained in this Section 2.14 shall operate to prevent the Authority from bringing a cause of action against the Bank in accordance with Section 8.4 hereof.

*Section 2.15. Notes Operations.*

(a) *Issuance Generally.* The Authority will permit Notes to be issued, and authorizes the Issuing and Paying Agent to issue Notes, only in accordance with the terms of the Issuing and Paying Agent Agreement and this Reimbursement Agreement.

(b) *No Issuance Notice; Final Drawing Notice.* Notes may be issued from time to time prior to the Stated Expiration Date in accordance with the Issuing and Paying Agent Agreement so long as (i) the Authority and the Issuing and Paying Agent is not in receipt of a No Issuance Notice delivered by the Bank pursuant to Section 7.2 hereof, which notice has not been rescinded by the Bank, and (ii) the Authority and the Issuing and Paying Agent is not in receipt of the Final Drawing Notice delivered by the Bank pursuant to Section 7.2 hereof. Pursuant to Section 7.2 hereof, the Bank may deliver a No Issuance Notice or the Final Drawing Notice at any time when an Event of Default shall have occurred and be continuing. A No Issuance Notice or the Final

Drawing Notice shall be effective when received by the Issuing and Paying Agent; provided, however, that a No Issuance Notice or the Final Drawing Notice received by the Issuing and Paying Agent after 9:30 a.m. New York City time (6:30 a.m. California time), on any day on which Notes are being issued shall be effective on the next Business Day. A No Issuance Notice or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the failure to so confirm such No Issuance Notice or the Final Drawing Notice in writing shall not render such No Issuance Notice or the Final Drawing Notice ineffective. The Bank will furnish a copy of any No Issuance Notice or the Final Drawing Notice to the Authority and the Dealer promptly following delivery thereof to the Issuing and Paying Agent, but the failure to furnish any such copy shall not render ineffective such No Issuance Notice or the Final Drawing Notice. In the event the Issuing and Paying Agent receive Notes trade instructions prior to receipt of the Notice of No Issuance or the Final Drawing Notice, the Issuing and Paying Agent will on a best efforts basis attempt to stop the delivery of Notes and the transmission of Notes to DTC (provided that the Issuing and Paying Agent receives the Notice of No Issuance or the Final Drawing Notice by 9:30 a.m., New York City time).<sup>1</sup>

*Section 2.16. The Bank Note.* All Advances and Term Loans shall be made against and evidenced by a promissory note (the “*Bank Note*”) issued by the Authority pursuant to the terms hereof to the Bank. The Bank Note shall be payable to the order of the Bank in an amount equal to the aggregate amount of all Advances and Term Loans outstanding from time to time. The Bank Note shall be executed and delivered to the Bank on the Closing Date substantially in the form of Exhibit B attached hereto, with appropriate insertions. All Advances and Term Loans and all payments and prepayments on account of the principal of and interest thereon shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts payable by the Authority hereunder and under the Bank Note. The Bank may, but shall not be required to, complete the schedule attached to the Bank Note to reflect the status of Advances and Term Loans thereunder; provided, that the failure to make, or any error in making, any such endorsement on such schedule shall not limit, extinguish or in any way modify the obligation of the Authority to repay the Advances and Term Loans. The Authority shall pay principal and interest on the Bank Note on the dates and at the rates provided for in Sections 2.10 and 2.11 hereof with respect to Advances and Term Loans.

*Section 2.17. Failure to Extend.* If the Stated Expiration Date of the Letter of Credit shall not be extended, the Authority agrees to use its best efforts to arrange for (i) the substitution of the Letter of Credit by an Alternate Credit Facility or (ii) the maturity of all of the Notes supported by the Letter of Credit on or prior to the then existing Stated Expiration Date.

*Section 2.18. Taxes.* (a) Any and all payments by the Authority hereunder shall be made in accordance with Section 2.6 hereof without setoff, defense or claim and shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto, and all liabilities with respect thereto, excluding Excluded Taxes (all such

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<sup>1</sup> **NTD:** Timing in this section to be confirmed following review of IPA.

non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as “*Taxes*”). If the Authority shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18) the Bank receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Authority shall make such deductions and (iii) the Authority shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law and shall provide the Bank with written evidence of the payment thereof as soon as practicable.

(b) In addition, the Authority agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder, under the Fee Letter or under the Bank Note or from the execution, delivery or registration of, or otherwise with respect to, this Reimbursement Agreement, the Fee Letter and the Bank Note (hereinafter referred to as “*Other Taxes*”).

(c) The Authority will indemnify the Bank for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.18) paid by the Bank and any liability (including penalties, interest and expenses, other than those penalties, interest and expenses arising from the gross negligence or willful misconduct of the Bank) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor. The Bank shall notify the Authority in writing reasonably promptly after determining that Taxes or Other Taxes may be payable hereunder.

(d) If the Authority makes any additional payment to the Bank pursuant to this Section 2.18 in respect of any Taxes or Other Taxes, and the Bank in its sole discretion determines that it has received (i) a refund of such Taxes or Other Taxes or (ii) a credit against or relief or remission for, or a reduction in the amount of, any tax or other governmental charge solely as a result of any deduction or credit for any Taxes or Other Taxes with respect to which it has received payments under this Section 2.18, the Bank shall, to the extent that it can do so without prejudice to the retention of such refund, credit, relief, remission or reduction, pay to the Authority such amount as the Bank shall have reasonably determined in its sole discretion to be attributable to the deduction or withholding of such Taxes or Other Taxes (not to exceed the amount the Bank previously received from the Authority pursuant to this Section 2.18), without interest. If the Bank later determines that it was not entitled to such refund, credit, relief, remission or reduction to the full extent of any payment made pursuant to the first sentence of this Section 2.18(d), the Authority shall upon demand of the Bank promptly repay the amount of such overpayment. Any determination made by the Bank pursuant to this Section 2.18(d) shall in the absence of bad faith or manifest error be conclusive, and nothing in this Section 2.18(d) shall be construed as requiring the Bank to conduct its business or to arrange or alter in any respect its tax or financial affairs so that it is entitled to receive such a refund, credit or reduction or as allowing any person to inspect any records, including tax returns, of the Bank. Nothing contained in this Section 2.18 shall require the Bank to disclose to the Authority any tax return of the Bank or any tax return of the consolidated group of which the Bank is a party.

(e) Without prejudice to the survival of any other agreement of the Authority hereunder, the obligation of the Authority under this Section shall survive the termination of the Letter of Credit and the termination of this Reimbursement Agreement and the repayment of all amounts owing to the Bank hereunder and under the other Related Documents.

*Section 2.19. Prepayment .* The Authority may prepay each Advance or Term Loan, in whole or in part in an amount not less than \$100,000 and increments of \$100,000 in excess thereof (or in the full amount thereof), at any time; provided, that such prepayment is accompanied by all interest accrued thereon. In the event that the Issuing and Paying Agent issues any Notes while any Advances or Term Loans remains unpaid, the Authority shall apply the proceeds of any such Notes to the prepayment of such outstanding Advances and/or Term Loans and such prepayment shall be applied first against Term Loans in the order in which each such Term Loan was made and second against Advance in the order in which each such Advance arose.

### ARTICLE III

#### CONDITIONS PRECEDENT

*Section 3.1. Conditions to Issuance of the Letter of Credit.* The obligation of the Bank to issue the Letter of Credit is conditioned upon the satisfaction by the Bank on or before the Closing Date of the following conditions:

(a) On or before the Closing Date, the Bank shall have received and approved the following documents or materials, each of which shall be in form and substance satisfactory to the Bank and, where appropriate, duly executed (and acknowledged where necessary) and delivered by the appropriate parties thereto:

(i) executed original copies of the Related Documents (other than the Letter of Credit) and certified copies of each of the other Related Documents which certification shall state that such documents are true, complete and in full force and effect;

(ii) a certificate of a duly authorized officer of the Authority, dated as of the Closing Date, stating that (A) the representations and warranties of the Authority contained in this Reimbursement Agreement and in each of the other Related Documents to which the Authority is a party (I) which are not qualified by materiality (including, without limitation, Material Adverse Effect) are true and correct in all material respects and (II) which are qualified by materiality (including, without limitation, Material Adverse Effect) are true and correct in all respects, in each case on and as of the Closing Date to the same extent as though made on and as of the Closing Date; (B) no Default or Event of Default has occurred and is continuing and no Default or Event of Default will result from the issuance of the Letter of Credit; and (C) no event or circumstance or change has occurred since December 31, 2024, which could reasonably be expected to result in a Material Adverse Effect;

(iii) a certified copy of the resolution of the Authority approving the execution, delivery and performance of the Related Documents and the transactions contemplated thereby, certified by a duly authorized officer of the Authority on the Closing Date, which certificate shall state that such resolutions have not been amended, rescinded and remain in full force and effect;

(iv) certified copies of the District Documents;

(v) certified copies of the resolutions of the District approving the issuance of the Senior Lien Bonds and the Notes and the execution, delivery and performance of the District Documents and the Related Documents, certified by a duly authorized officer of the District on the Closing Date, which certificate shall state that such resolutions have not been amended or annulled and are in full force and effect on the Closing Date

(vi) a certificate of a duly authorized officer of the Authority, certifying as to the incumbency and signature of each of the officers of the Authority authorized to sign the Related Documents;

(vii) an opinion of Stradling Yocca Carlson & Rauth, Bond Counsel for the Authority, dated the Closing Date, and addressed to the Bank addressing such matters as the Bank may reasonably request, including without limitation, (A) as to the validity of the Notes issued pursuant to the Issuing and Paying Agent Agreement; (B) as to the validity of the Bank Note issued pursuant to the Issuing and Paying Agent Agreement; (C) as to the pledge of Net Revenues as security for the payment of the Notes and the Bank Note; and (D) each of the Reimbursement Agreement and the Fee Letter is a valid and binding obligation of the Authority enforceable in accordance with its terms, subject to bankruptcy, insolvency, moratorium or other laws affecting creditor's rights and to general principles of equity;

(viii) an opinion of counsel to the Authority to the effect that this Reimbursement Agreement and the Related Documents are valid and binding agreements of the Authority enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium or other laws affecting creditors' rights and to general principles of equity;

(ix) an opinion of counsel to the District to the effect that the Power Purchase Agreement and the Construction and Operation Agreement are valid and binding agreements of the District enforceable in accordance with their respective terms, subject to bankruptcy, insolvency, moratorium or other laws affecting creditors' rights and to general principles of equity;

(x) an opinion of counsel to the Issuing and Paying Agent, dated the Closing Date, and addressed to the Bank addressing such matters as the Bank may reasonably request;

(xi) (A) written evidence that, as of the Closing Date, the Notes have been given a rating of not less than “A-1” by S&P and “F1+” by Fitch; and (B) recent written evidence (which may be in the form of the most recent rating letters or a screen shot of such ratings) that the Senior Lien Bonds have been given unenhanced long-term ratings of not less than “AA-” by S&P and “AA-” by Fitch;

(xii) satisfactory written evidence that (A) a separate CUSIP number has been assigned to the Bank Note and (B) Fitch has assigned to the Bank Note a long-term rating equal to or higher than investment grade;

(xiii) such other documents, agreements, instruments, certificates and opinions as the Bank may reasonably require; and

(xiv) evidence that the Existing Credit Facility has been marked canceled and returned to the Existing Bank and that all amounts due to the Existing Bank thereunder and the related reimbursement agreements have been paid in full.

(b) On or before the Closing Date:

(i) the Bank shall be satisfied that the representations and warranties of the Authority contained herein and in any other Related Document (A) which are not qualified by materiality (including, without limitation, Material Adverse Effect) shall be true and correct in all material respects to and (B) which are qualified by materiality (including, without limitation, Material Adverse Effect) shall be true and correct in all respects, in each case as of the Closing Date to the same extent as though made on and as of such date, except to the extent that such representations and warranties specifically relate to an earlier date and to the extent that any such representation or warranty specifically relates to an earlier date, such representation or warranty shall be true and correct as of such date;

(ii) the Bank shall be satisfied that no Event of Default shall have occurred and be continuing and no Event of Default will result from the issuance of the Letter of Credit; and

(iii) the Bank and its counsel shall be satisfied that the Bank and its counsel will receive payment in full of all fees and expenses contemplated herein in accordance with Section 2.3 hereof and the Fee Letter not later than thirty (30) days following the Closing Date;

(iv) the Bank shall be satisfied that no action, suit, investigation or proceeding is pending or threatened (i) in connection with the Notes or the other Related Documents or any transactions contemplated thereby or (ii) against or affecting the Authority, the result of which could reasonably be expected to result in a Material Adverse Effect; and

(v) the Bank shall be satisfied that since December 31, 2024, no material adverse change has occurred in the status of the business, operations or condition (financial or otherwise) of the Water System or the ability of the Authority to perform its obligations under the Related Documents.

*Section 3.2. Conditions to Initial Commercial Paper Issuance.* The initial issuance of any Notes is conditioned upon the satisfaction by the Bank on or before such date of issuance of the following conditions:

(i) a reliance letter addressed to the Bank authorizing the Bank to rely on the approving opinion of Bond Counsel dated as of the date of the initial issuance of Notes; and

(ii) a copy of the Offering Memorandum; *provided* that the Authority shall provide a draft of any such offering memorandum in sufficient time for the Bank to update any disclosure information relating to the Bank.

*Section 3.3. Conditions Precedent to Advances.* Following any payment by the Bank under the Letter of Credit pursuant to a Drawing, an Advance shall be made to the Authority only if on the date of payment of such Drawing by the Bank:

(a) the representations and warranties contained in Article IV of this Reimbursement Agreement shall be true and correct in all material respects as of such date; and

(b) no Default or Event of Default shall have occurred and be continuing and no Default or Event of Default will result from the making of the Term Loan.

## **ARTICLE IV**

### **REPRESENTATIONS OF THE AUTHORITY**

*Section 4.1. Representations of the Authority.* The Authority represents to the Bank as follows:

(a) *Legal Existence; Powers.* The Authority (i) is a joint exercise of powers authority duly organized and existing pursuant to the Law, and (ii) has the legal right, power and authority to (A) develop, own and operate the Project and to carry on its business as now being and hereafter proposed to be conducted, (B) execute and deliver this Reimbursement Agreement and the other Related Documents, (C) perform all its obligations under this Reimbursement Agreement and the other Related Documents, (D) issue the Notes in accordance with the Issuing and Paying Agent Agreement, and (E) repay the Bank Note, to pay all interest thereon, and to pay all fees and other amounts payable hereunder.



(b) *Due Authorization; No Violation; No Conflicts.* The execution, delivery and performance by the Authority of this Reimbursement Agreement and the Related Documents to which the Authority is a party have been duly authorized by all necessary action on the part of the Authority, and do not (i) violate the Law, or any material provision of any court order by which the Authority is bound, (ii) conflict with, violate or contravene any material provision of existing law or regulation, or any order or decree or any court, tribunal, Governmental Authority, (iii) conflict with, violate or cause a default, or with the passage of time or the giving of notice, or both, would cause a default under any material provision of any bond, note or other evidence of indebtedness or mortgage, indenture, contract or other agreement to which the Authority is a party; and no consent of any Person and no license, approval or authorization of or notice to or registration, filing or declaration with, any Governmental Authority, bureau or agency is required in connection with the execution, delivery, performance, validity or enforceability of this Reimbursement Agreement or any of the Related Documents or for the Authority to issue the Notes or incur the Obligations in accordance with this Reimbursement Agreement or, if required, the same has been obtained and is in full force and effect or will be obtained in sufficient time in order to fully perform under this Reimbursement Agreement, or (iv) result in the imposition of any Lien on amounts in the Revenue Fund, except as provided in the Senior Lien Indenture and the Issuing and Paying Agent Agreement.

(c) *Validity.* This Reimbursement Agreement and the Related Documents to which the Authority is a party each constitute a legal, valid and binding agreement or obligation, as the case may be, of the Authority, except as (i) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditors' rights generally, (ii) the availability of equitable remedies which may be limited by equitable principles of general applicability and (iii) limitations on remedies available against public agencies such as the Authority.

(d) *Litigation.* Except as set forth on Exhibit C attached hereto, there is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to the knowledge of the Authority, threatened against or affecting (i) the transactions contemplated by or the validity of any Related Documents, or any agreement or instrument to which the Authority is a party and which is entered into for the consummation of the transactions contemplated by this Reimbursement Agreement, (ii) the tax-exempt status of the Authority or of the interest evidenced and represented by the Series B Notes, or (iii) the Authority's ability to perform its obligations under the Related Documents to which it is a party; or which in any way contests the existence, organization or powers of the Authority or the titles of the officers of the Authority to their respective offices; or which in the aggregate materially adversely affect the Authority's property, assets, operations or condition, financial or otherwise.

(e) *Regulatory Approvals.* Each authorization, consent, approval, license or formal exemption from, or filing, declaration or registration with, any court, governmental agency or regulatory authority (Federal, state or local), required to be obtained by the Authority in connection with the execution, delivery and performance by the Authority of the Related Documents, or the issuance from time to time by the Issuing and Paying Agent

of the Notes in the manner and for the purpose contemplated by the Related Documents, has been obtained or made and is in full force and effect; *provided* that no representation or warranty is made under this Section 4.1(e) with respect to any “blue sky” filings or registrations.

(f) *Liability.* The Authority and its revenues and assets are subject to liability for injuries and for breach of contract to the extent, and subject to the procedures with respect to such claims and actions, set forth in Division 3.6 of Title 1 of the California Government Code.

(g) *Accuracy of Financial Statements.* The most recent financial statements of the Authority as of December 31, 2024, copies of which have been furnished to the Bank, have been prepared in accordance with generally accepted accounting principles and fairly present the financial position and results of operations of the Authority, except as previously disclosed to the Bank in writing, as of the dates and for the periods set forth therein. Since December 31, 2024, except as previously disclosed to the Bank in writing, there have been no material adverse changes in the financial condition or operations of the Authority.

(h) *Legislation; Referendum.* There is no State or local referendum or initiative certified for the ballot, or Federal, State or local legislation enacted or introduced and referred to committee which the Authority has determined would materially and adversely affect the financial condition or business operations of the Authority, or the validity or enforceability of this Reimbursement Agreement or any Related Document, or power of the Authority to carry out the transactions contemplated hereby and thereby.

(i) *Offering Memorandum.* The Offering Memorandum and all other information, reports and other papers and data with respect to the Authority furnished to the Bank is, at the time the same were so furnished, accurate, to the extent necessary to give the Bank a true and accurate knowledge of the subject matter. As of the Closing Date, no fact is known to the Authority which materially and adversely affects or in the future may so far as it now can reasonably foresee materially and adversely affect the business, assets or liabilities, financial condition, results of operations, or business prospects of the Authority which has not been set forth in the financial statements referred to in Section 4.1(g) above, in the Offering Memorandum or in such information, reports, papers and data or otherwise disclosed in writing to the Bank.

(j) *Security.* There are no material Liens on the Net Revenues other than the Liens created by or pursuant to the Senior Lien Indenture, the Issuing and Paying Agent Agreement and this Reimbursement Agreement. Neither the Senior Lien Indenture nor the Issuing and Paying Agent Agreement permits the issuance of any Debt secured by the Net Revenues to rank senior to the Notes or the Obligations, other than the Senior Lien Bonds. As expressly provided in Section 5.9, the Lien on the Net Revenues securing the payment of the Bank Note ranks on a parity with the payment of principal of and interest on Subordinate Debt (including the Notes) and is not subordinate to any payment secured by a Lien on the Net Revenues other than payments with respect to the principal of and interest

on the Senior Lien Bonds. The pledge of and lien on Net Revenues created by the Issuing and Paying Agent Agreement and this Reimbursement Agreement are valid and binding on the Authority subject to and in accordance with the provisions of Section 5451 of the California Government Code.

(k) *Sanctions; Anti-Corruption Laws.* (i) Neither the Authority nor any director, officer, employee, agent, affiliate or representative thereof, is an individual or entity that is, or is owned or controlled by one or more individuals or entities that are (x) currently the subject or target of any Sanctions, (y) included on OFAC's List of Specially Designated Nationals or HMT's Consolidated List of Financial Sanctions Targets, or any similar list enforced by any other relevant sanctions authority or (z) located, organized or resident in a Designated Jurisdiction. The Authority has conducted its businesses in compliance with all applicable Sanctions.

(ii) The Authority has conducted its business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977, UK Bribery Act 2010, as applicable, and other applicable anti-corruption legislation in other jurisdictions.

(l) *Immunity from Jurisdiction.* The Authority has no immunity from the jurisdiction of any court of competent jurisdiction or from any legal process therein which could be asserted in any action to enforce the obligations of the Authority under any of the Related Documents or the transactions contemplated hereby or thereby, including the Obligations of the Authority hereunder and thereunder.

(m) *Government Regulations.* (i) The Authority and, to the knowledge of the Authority, its directors, agents, officers and employees, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of the Authority or, to the knowledge of the Authority, any of its directors, officers or employees is a Sanctioned Person. Neither the proceeds of the Letter of Credit nor the other transactions contemplated hereby will violate Anti-Corruption Laws or applicable Sanctions.

(ii) Neither the making of the Drawings nor the use of the proceeds thereof will violate the Patriot Act, the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 C.F.R., Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto or successor statute thereto. The Authority and its subsidiaries (if any) are in compliance in all material respects with the Patriot Act.

(n) *Incorporation of Representations and Warranties.* The Authority hereby makes to the Bank the same representations and warranties made by the Authority in each Related Document, which representations and warranties, together with the related definitions of terms contained therein, are hereby incorporated by reference with the same effect as if each and every such representation and warranty and definition were set forth herein in its entirety. No amendment to or waiver of such representations and warranties or definitions made pursuant to the relevant Related Documents shall be effective to amend

such representations and warranties and definitions as incorporated by reference herein without the prior written consent of the Bank.

(o) *Regulatory Compliance.* The Authority is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation T, U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of Drawings under the Letter of Credit will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock or to violate Sanctions.

(p) *No Default.* No Default or Event of Default exists on the date hereof.

(q) *ERISA.* The Authority does not maintain or contribute to, and has not maintained or contributed to, any Plan that is subject to Title IV of ERISA.<sup>2</sup>

(r) *Investment Company Act.* The Authority is not an “investment company” or a person directly or indirectly controlled by or acting on behalf of an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

(s) *Usury.* The terms of this Reimbursement Agreement, the Fee Letter and the Related Documents regarding the calculation and payment of interest and fees do not violate any applicable usury laws.

(t) *Swap Contracts.* The Authority has not entered into any Swap Contract secured by Net Revenues (a) wherein any termination payment thereunder is senior to or on a parity with the payment of the Payment Obligation or (b) which requires the Authority to post cash collateral to secure its obligations thereunder.

(s) *Issuing and Paying Agent and Dealer.* As of the Closing Date, U.S. Bank Trust Company, National Association, is the duly appointed and acting Issuing and Paying Agent and J.P. Morgan Securities LLC (or any successor meeting the requirements hereof) is the duly appointed and acting Dealer for the Notes.

*Section 4.2. Survival of Representations.* All statements contained in any certificate, financial statement or other instrument delivered by or on behalf of the Authority pursuant to or in connection with this Reimbursement Agreement (including, but not limited to, any such-statement made in or in connection with any amendment hereto) shall constitute representations made under this Reimbursement Agreement. All representations made under this Reimbursement Agreement shall be made and shall be true at and as of (a) the date of any authentication and delivery of any Notes under the Issuing and Paying Agent Agreement and (b) the time of each Drawing under the Letter of Credit, except to the extent such representations relate solely to an earlier date.

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<sup>2</sup> **NTD:** To be confirmed.

## ARTICLE V

### AFFIRMATIVE COVENANTS

*Section 5.1. Financial Statements.* (a) The Authority covenants that it will deliver to the Bank, within 180 days after the end of each fiscal year of the Authority and of the District, financial statements of the Authority and of the District consisting of a balance sheet of the Authority or the District, as applicable, as of the end of such fiscal year and a statement of income and retained earnings of such entity for such fiscal year, setting forth in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail and accompanied in each case by (i) an audit report of nationally recognized independent public accountants stating that such financial statements have (except as noted therein) been prepared in accordance with generally accepted accounting principles as applicable to governmental agencies such as the Authority or the District, as applicable, and (ii) a certificate from an authorized financial officer of the Authority or the District (substantially in the form of Exhibit D hereto), as applicable, stating that no Event of Default or Default has come to such officer's attention which was continuing at the end of such fiscal year or on the date of such officer's certificate, or, if an Event of Default or Default has come to such officer's attention and was continuing at the end of such fiscal year or on the date of such certificate, indicating the nature of such Event of Default or Default and the action which such entity proposes to take with respect thereto.

(b) *Reserved.*

(c) The Authority covenants that it will deliver to the Bank, within 60 days after the end of each fiscal year of the Authority, the Authority's annual operating budget for the then-current fiscal year.

*Section 5.2. Notice of Default.* The Authority covenants that it will deliver to the Bank, immediately after the Authority shall have obtained knowledge of the occurrence of an Event of Default or Default, the written statement of an authorized officer of the Authority setting forth the details of such Event of Default or Default and the action which the Authority proposes to take with respect thereto.

*Section 5.3. Inspection.* The Authority covenants that upon reasonable notice it will permit any Person designated by the Bank in writing, at the Bank's expense, to visit any of the properties of the Authority, to examine the municipal books and financial records of the Authority and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of the Authority with the principal officers of the Authority and its independent public accountants, all at such reasonable times and no more than once every calendar quarter.

*Section 5.4. Compliance with Agreements.* The Authority will observe and perform all of its obligations under this Reimbursement Agreement, the Notes and the other Related Documents to which it is a party.

*Section 5.5. Certain Notices.* The Authority covenants that it will furnish to the Bank a copy of any notice, certification, demand or other writing or communication given by the Issuing

and Paying Agent to the Authority or by the Authority to the Issuing and Paying Agent under or in connection with the Notes or any of the Related Documents, in each case promptly after the receipt or giving of the same.

*Section 5.6. Preservation of Existence, Etc.* The Authority covenants that it will preserve and maintain its legal existence and maintain all franchises, rights and privileges necessary or desirable in the normal conduct of its business and operations.

*Section 5.7. Use of Proceeds.* The Authority shall use the proceeds of the Notes solely in accordance with the purposes set forth in the Issuing and Paying Agent Agreement and shall cause the Drawings to be used solely to pay principal of and interest with respect to Notes.

*Section 5.8. Offering Documents.* As soon as practicable after the issuance of any Senior Lien Bonds, the Authority shall send a copy of the offering document relating thereto to the Bank.

*Section 5.9. Pledge of Available Net Revenues.* The Obligations of the Authority under this Reimbursement Agreement shall be payable solely from the Revenue Fund in accordance with the Senior Lien Indenture and the Issuing and Paying Agent Agreement, and the Authority hereby grants to the Bank, as holder of the Bank Note, as security for payment by the Authority of the Bank Note a pledge of and security interest in Net Revenues pursuant to the Issuing and Paying Agent Agreement, which pledge and security interest shall be subordinate to the pledge of revenues in support of the Senior Lien Bonds under the Senior Lien Indenture. The granting of this pledge and security interest by the Authority does not limit in any manner the rights of the Authority to issue additional subordinated debt or to grant a security interest on a subordinated basis to any other creditor.

*Section 5.10. Maintenance of Ratings.* The Authority covenants and agrees that there shall be maintained (i) at least one unenhanced long-term rating from at least one Rating Agency on Senior Lien Bonds and (ii) a published long-term rating on the Bank Note from at least one Rating Agency; *provided, however*, that so long as at least one unenhanced rating is being maintained on at least one issue of then-outstanding Senior Lien Bonds, the Authority shall not, for purposes of compliance with this Section 5.10, be required to obtain an unenhanced long-term rating on any additional Senior Lien Bonds to be issued or incurred. The Authority covenants and agrees that they shall not at any time withdraw any long-term unenhanced rating on its Senior Lien Bonds from any of Fitch, Moody's or S&P if the effect of such withdrawal would be to cure a Default or an Event of Default under this Reimbursement Agreement.

*Section 5.11. Preservation of Security.* The Authority shall take any and all actions necessary or reasonably requested by the Bank to defend and maintain the pledge of Net Revenues to secure the Reimbursement Obligations.

*Section 5.12. Bank Agreements.* In the event that Authority shall enter into or otherwise consent to any amendment, supplement or other modification of any Bank Agreement after the Closing Date which Bank Agreement contains additional or more restrictive events of default or additional collateral ("*Improved Provisions*," which for the avoidance of doubt does not include pricing, termination fees and provisions related to interest rates) in each than the provisions of this

Reimbursement Agreement, then the Authority shall provide the Bank with a copy of such Bank Agreement and the Improved Provisions shall automatically be deemed incorporated into this Reimbursement Agreement and the Bank shall have the benefit of the Improved Provisions until such time as the Bank Agreement containing such Improved Provisions terminates. The Authority shall promptly cooperate with the Bank to enter into an amendment of this Reimbursement Agreement to include such Improved Provisions.

*Section 5.13. Alternate Credit Facility.* Unless the Authority provides that no Notes will at such time be Outstanding, the Authority agrees to use its best efforts to obtain an Alternate Credit Facility to replace the Letter of Credit (A) on the Termination Date or (B) in the event (i) the Bank elects not to renew the Letter of Credit or (ii) the Authority fails to request an extension of the Stated Expiration Date. The Authority shall not cause an Alternate Credit Facility to become effective with respect to less than all the Notes at such time Outstanding without the prior written consent of the Bank, unless it has made provision for the payment of such Notes.

*Section 5.14. Bonding Capacity.* At all times the Authority shall maintain the ability to issue indebtedness secured by or payable from Net Revenues in an amount at least equal to the sum of aggregate principal amount of the Notes.

*Section 5.15. CUSIP Numbers.* The Authority shall at all times cause Notes and the Bank Note to be assigned a CUSIP Number which shall be available on the Bloomberg Municipal Note Description Screen (or a similar electronic registry acceptable to the Bank).

*Section 5.16. Anti-Corruption Laws; Sanctions.* The Authority shall conduct its business in compliance in all material respects with the United States Foreign Corrupt Practices Act of 1977 and UK Bribery Act 2010, as applicable, and other applicable anti-corruption legislation in other jurisdictions and with all applicable Sanctions.

## ARTICLE VI

### NEGATIVE COVENANTS

*Section 6.1. Compliance with Laws, Etc.* The Authority covenants that it will not violate any laws, rules, regulations or governmental orders to which it is subject, which violation would materially and adversely affect its financial condition, business or results of operations or would materially and adversely affect the Authority's ability to perform its obligations under this Reimbursement Agreement or the other Related Documents to which it is a party. Notwithstanding the foregoing, the Authority will not violate any Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws applicable to the Authority.

*Section 6.2. Amendments.* The Authority covenants that it will not, directly or indirectly, amend or modify, or consent to the amendment or modification of the Related Documents or the Senior Lien Indenture in any way that would materially adversely affect (i) the rights of the Bank thereunder or hereunder or (ii) the obligations of Authority under this Reimbursement Agreement,

without the prior written consent of the Bank, which consent will not be unreasonably withheld or delayed.

*Section 6.3. General Tax Covenant.* The Authority will not take any action or omit to take any action that, if taken or omitted, would adversely affect the exclusion of interest on the Series B Notes from the gross income of such owners for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended. This Section 6.3 shall not apply to the Series A Notes.

*Section 6.4. Liens.* Except as permitted by the Senior Lien Indenture or the Issuing and Paying Agent Agreement, the Authority will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Net Revenues pledged under the Senior Lien Indenture or the Issuing and Paying Agent Agreement and held or set aside by the Authority thereunder, or (b) create or cause to be created any Lien on the Net Revenues, or such moneys, securities or funds.

*Section 6.5. Use of Bank Name.* The Authority will not use the Bank's name in any Offering Materials relating to the Notes without the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed.

*Section 6.6. No Issuance in Excess of Stated Amount.* At no time shall the Authority permit the sum of (i) the aggregate principal amount of the Notes Outstanding and all interest to accrue on the Notes through the maturity dates thereof, (ii) the aggregate principal amount of all outstanding and unpaid Advances and Term Loans, and (iii) any Excess Interest, if any, to exceed the Stated Amount of the Letter of Credit.

*Section 6.7. Issuing and Paying Agent and Dealer.* (a) The Authority shall at all times maintain a Dealer with respect to the Notes. The Authority shall use its best efforts at all times to enforce the Dealer Agreement. The Authority shall cause the Dealer to use its best efforts to sell the Notes up to the maximum rate applicable in order to repay maturing Notes. Each Dealer Agreement shall provide that the related Dealer may not resign until the date which is at least thirty (30) days following the receipt by the Authority, the Issuing and Paying Agent and the Bank of prior written notice of such resignation. The Authority shall not remove or replace the Dealer or appoint a successor Dealer without the prior written consent of the Bank.

Any dealer agreement with a successor dealer shall provide that (a) such Dealer may resign only upon appointment of a successor dealer, (b) such dealer shall use its best efforts to sell the Notes up to the Maximum Rate (as defined in Issuing and Paying Agent Agreement) the without regard to the Bank Rate, (c) such dealer shall offer the Notes at the Maximum Rate (as defined in Issuing and Paying Agent Agreement) permitted under the Related Documents and (d) if such dealer fails to perform its duties under such dealer agreement (including, without limitation, an inability or failure to sell Notes for thirty (30) consecutive days, to pay maturing Notes), the Authority, at the written request of the Bank, will replace such dealer with a dealer satisfactory to the Bank.



Furthermore, in the event the Authority elects not to issue Notes up to the Maximum Rate (as defined in Issuing and Paying Agent Agreement), or otherwise limits the interest rate on a rollover of Notes to a rate of interest less than the Maximum Rate (as defined in Issuing and Paying Agent Agreement) and, as a result of these actions the Bank is not reimbursed for any Drawing to pay maturing Notes, then the total amount of the Authority's commercial paper program and the Stated Amount of the Letter of Credit shall be reduced permanently by the amount of such Drawing and the Authority shall repay such outstanding Drawing within thirty (30) days of such action.

(b) The Authority shall at all times maintain an Issuing and Paying Agent pursuant to the terms of the Issuing and Paying Agent Agreement. The Authority shall not remove or replace the Issuing and Paying Agent or appoint a successor Issuing and Paying Agent without the prior written consent of the Bank. Any successor Issuing and Paying Agent (or any parent or affiliate of such Issuing and Paying Agent) shall have capital of not less than \$500,000,000. The Authority shall use its best efforts at all times to enforce the Issuing and Paying Agent Agreement.

*Section 6.8. Immunity.* The Authority shall not, if and to the extent permitted by applicable law, assert any immunity it may have as a governmental entity from lawsuits with respect to the enforcement of any of the obligations of the Authority under the Related Documents.

*Section 6.9. Anti-Money Laundering and Anti-Corruption Laws; Sanctions.* (a) The Authority shall not use any of the proceeds of the Letter of Credit to fund, finance or facilitate any activities, business or transactions that would be prohibited by Anti-Money Laundering Laws or Anti-Corruption Laws.

(b) The Authority shall not use any of the proceeds of the Letter of Credit to fund, finance or facilitate any activities, business or transactions: (i) that are prohibited by Sanctions, (ii) that would be prohibited by U.S. Sanctions if conducted by a U.S. Person, or (iii) that would be prohibited by Sanctions if conducted by the Bank, or any other party to this Reimbursement Agreement. The Authority shall notify the Bank in writing not more than one Business Day after first becoming aware of any breach of this Section.

*Section 6.10. Source of Repayment and Collateral.* The Authority shall not fund any repayment of the Letter of Credit with proceeds, or provide as collateral any property, that is directly or indirectly derived from any transaction or activity that is prohibited by Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws, or that could otherwise cause the Bank or any other party to this Reimbursement Agreement to be in violation of Sanctions, Anti-Money Laundering Laws or Anti-Corruption Laws.

*Section 6.11. Swap Contracts.* The Authority shall not enter into any Swap Contract secured by Net Revenues (a) wherein any termination payments thereunder are senior to or on parity with the payment of the Notes or the Reimbursement Obligations or (b) which requires the Authority to post cash collateral to secure its obligations thereunder.

## ARTICLE VII

### EVENTS OF DEFAULT; REMEDIES

*Section 7.1. Events of Default.* If one or more of the following events (each an “*Event of Default*”) shall have occurred and be continuing:

(a) The Authority shall fail to pay to the Bank (i) the principal of or interest on any Advance or Term Loan when due, or (ii) any other Obligation when due and such failure continues for a period of three (3) Business Days; or

(b) Any representation, certification or statement made by the Authority in this Reimbursement Agreement or in any Related Document or in any certificate, financial statement or other document delivered pursuant to this Reimbursement Agreement or any Related Document shall (in any such case) have been incorrect or untrue in any materially adverse respect when made or deemed to have been made; or

(c) The Authority shall default in the due performance or observance of any (i) of the covenants set forth in Section 5.2, 5.6, 5.7, 5.9, 5.10, 5.14 or Article VI or (ii) other term, covenant or agreement contained in this Reimbursement Agreement and such default shall remain unremedied for a period of thirty (30) days after the occurrence thereof; or

(d) The Authority shall (i) default on the payment of the principal of or interest on any Senior Lien Bonds or Subordinated Debt, beyond the period of grace, if any, provided in the instrument or agreement under which such Senior Lien Bonds or Subordinated Debt was created or incurred; or (ii) default in the observance or performance of any agreement or condition relating to any Senior Lien Bonds or Subordinated Debt or contained in any instrument or agreement evidencing, securing or relating thereto, or any other default, event of default or similar event shall occur or condition exist, the effect of which default, event of default or similar event or condition is to permit the obligee thereof or a trustee on behalf of such obligee to pursue any remedies against the Authority, including the right to direct an acceleration, mandatory redemption or mandatory tender of such indebtedness; or

(e) (i) A proceeding is instituted against the Authority in a court having jurisdiction over the Authority, any of their activities or any of their properties seeking an order for rehabilitation, reorganization, conservation, liquidation or dissolution in respect of the Authority under applicable law and such proceeding is not terminated for a period of ninety (90) consecutive days or such court enters an order granting the relief sought in such proceeding or the Authority shall institute or take any corporate action for the purposes of instituting any such proceeding; or (ii) the Authority shall become insolvent or unable to pay their respective debts as they mature, or the Authority shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, shall consent to the entry of 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 or sequestrator (or other similar official) of the Authority or for any substantial part of their respective properties, or shall make a general assignment for the benefit of creditors, or the Authority shall fail generally to pay their respective debts or claims as they become due, or shall take any corporate action in furtherance of any of the foregoing; or

(f) A debt moratorium, debt restructuring, debt adjustment or comparable extraordinary restriction is imposed by any Governmental Authority (including the Authority) on the repayment when due and payable of the principal of or interest on any indebtedness of the Authority payable from, and secured by, Net Revenues or any portion thereof;

(g) This Reimbursement Agreement, any other Related Document (other than the Letter of Credit) or the Power Purchase Agreement, or any provision hereof or thereof, at any time after the execution and delivery thereof, shall, for any reason, cease to be valid and binding on the Authority or the District, as the case may be, or in full force and effect or shall be declared, in a final, non-appealable judgment, to be null and void, or the validity or enforceability of this Reimbursement Agreement, any other Related Document or the Power Purchase Agreement or any provision thereof shall be contested (i) by the Authority or the District or (ii) by any governmental agency or authority having jurisdiction over the Authority or the District, unless with respect to clause (ii) above, the same is being contested by the Authority or the District in good faith and by appropriate proceedings; or the Authority or the District, as the case may be, shall deny that it has any or further liability or obligation under this Reimbursement Agreement, any other Related Document or the Power Purchase Agreement; or

(h) Any final, unappealable judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, which are not covered in full by insurance, with written acknowledgement of such coverage having been provided by the provider of such insurance coverage to the Bank, in an aggregate amount not less than \$10,000,000 shall be entered or filed against the Authority or against any of its property and remain unpaid, unvacated, unbonded or unstayed for a period of sixty (60) days; or

(i) The occurrence of an “event of default” or an event which, with the passage of time or the giving of notice, or both, would be an “event of default” under any of the Related Documents, if the result is to permit or cause any of the obligations thereunder to become immediately due and payable; or

(j) Any of Fitch, Moody’s or S&P shall have downgraded its rating of any long-term unenhanced Senior Lien Bonds or Subordinated Debt of the Authority to below “BBB+” (or its equivalent), “Baa1” (or its equivalent), or “BBB+” (or its equivalent) respectively, or suspended or withdrawn its rating of the same.

*Section 7.2. Remedies.* Upon the occurrence and continuance of an Event of Default, the Bank may, in its sole discretion, but shall not be obligated to:

- (a) declare the unpaid principal amount of all outstanding Term Loans and all Advances, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Related Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Authority; *provided, however*, that such acceleration shall occur immediately without any action upon the occurrence of an Event of Default set forth in Section 7.1(e)(ii) hereof; or
- (b) terminate or suspend the authority of the Authority and the Issuing and Paying Agent to issue any further Notes and reduce the Stated Amount of the Letter of Credit to an amount equal to the principal amount of Notes then Outstanding supported by the Letter of Credit, plus interest payable thereon at maturity of the Notes, by delivering to the Issuing and Paying Agent a No Issuance Notice; or
- (c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 10th day after the effective date of such Final Drawing Notice); or
- (d) enforce the rights and obligations of the Authority under the Related Documents as if the Bank were a party thereto; or
- (e) exercise any other remedies available at law or in equity.

Upon the exercise by the Bank of any remedy contained in clauses (a), (b) or (c) of this Section 7.2, the Stated Amount of the Letter of Credit shall be immediately and permanently reduced by an amount equal to the amount of each subsequent Drawing. Upon the occurrence and during the continuance of an Event of Default all Payment Obligations shall bear interest at the Default Rate.

*Section 7.3. Set-Off.* The Bank hereby waives any rights now or hereafter granted under applicable law to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Bank to or for the credit or the account of the Authority or the Rate Stabilization Fund against and on account of any and all of the obligations of the Authority now or hereafter existing under this Reimbursement Agreement, the Bank Note, or the Letter of Credit.

*Section 7.4. Remedies Cumulative.* All remedies provided for in this Reimbursement Agreement are cumulative and shall be in addition to any and all other rights and remedies available under the Related Documents or any other document or at law or equity. No exercise of any right or remedy shall in any way constitute a cure or waiver of any Event of Default hereunder, or invalidate any act done pursuant to any notice of default, or prejudice the exercise of any other right or remedy available to the Bank. No failure to exercise, and no delay in exercising, any right or remedy shall operate as a waiver or otherwise preclude enforcement of any of the Bank's rights

and remedies; nor shall any single or partial exercise of any right or remedy preclude any further exercise thereof or of any other right or remedy. The Bank need not resort to any particular right or remedy before exercising or enforcing any other.

## ARTICLE VIII

### MISCELLANEOUS

*Section 8.1. Notices.* All notices and other communications hereunder shall be in writing and shall be delivered by personal delivery, facsimile transmission or other form of telecommunication, or by first class mail (postage prepaid), to the notice addresses set forth below or to such other addresses or payment instructions as the parties may provide to one another in accordance with this Section. Such notices and other communications shall, if sent by facsimile transmission or other form of telecommunication in accordance with this Section, be deemed given upon transmission thereof, confirmed by telephone, and if sent by any other method, shall be effective only if and when received by the addressee.

Address for notices to the Authority:

Walnut Energy Center Authority  
[ ]  
[ ]  
Attention: [ ]  
Telephone: [ ]  
E-Mail: [ ]

and copies to:

Walnut Energy Center Authority  
333 East Canal Drive  
P.O. Box 949  
Turlock, CA 95381-0949  
Attention: Treasurer  
Telephone: (209) 883-8222  
E-Mail: bwstubbart@tid.org

Address for notices to the Bank:

If to the Bank regarding credit matters:

Bank of America, N.A.  
Rainer Square  
401 Union Street, Suite FL 22  
Seattle, Washington 98101-2501  
Attention: Stephanie Warner  
Telephone: (206) 358-8305  
Facsimile: (206) 585-8644  
E-Mail: stephanie.a.warner@bofa.com

If to the Bank regarding operational matters:

Bank of America, N.A.  
1 Fleet Way  
PA6-580-02-30  
Scranton, Pennsylvania 18507-1999  
Attention: Standby Letter of Credit Department  
Telephone: (800) 370-7519  
Facsimile: (800) 755-8743  
E-Mail: scranton\_standby\_lc@bofa.com

Wire instructions with respect to payment of Payment Obligations:

Bank of America, N.A., Scranton, PA  
ABA 026009593  
A/C 04535883980  
Attention: SC Standby  
Reference: LC Number [\_\_\_\_\_]

ACH instructions with respect to payment of Payment Obligations:

|                   |   |
|-------------------|---|
| Bank Name:        | Bank of America                           |
| Bank Address:     | 1000 West Temple<br>Los Angeles, CA 90012 |
| Bank Acct No.:    | 4535883980                                |
| Acct Name:        | Incoming Wire/Funds Acct                  |
| Bank Routing No.: | 121000358                                 |
| Account Type:     | checking                                  |
| Tax Id#           | 94-1687665                                |

Remittance Advice for any and all ACH transactions submitted must be sent by email to standbyfeereceivables@bofa.com or ACH transactions will be rejected back.

*Section 8.2. Amendments, Waivers, Etc.* No amendment or waiver of any provision of this Reimbursement Agreement or other Related Document, nor consent to any departure by the Authority here from or therefrom, shall in any event be effective unless the same shall be in writing and signed by the Bank, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

*Section 8.3. Indemnification.* (a) To the extent permitted by law, the Authority agrees, to indemnify and hold harmless the Bank and each Participant and their respective officers, directors, employees and agents (each an “*Indemnified Party*”) from and against any and all claims, damages, losses, liabilities, reasonable costs or expenses whatsoever that any Indemnified Party may incur (or which may be claimed against any Indemnified Party, by any person or entity whatsoever) that arises out of the transactions contemplated by this Reimbursement Agreement, the Related Documents or the Notes, including, without limitation, (a) the issuing, offering, sale, marketing or resale of the Notes, other than claims, damages, losses, liabilities costs and expenses resulting from information furnished to the Authority from the Bank and used in the offering, sale, marketing or resale of the Notes, (b) the execution and delivery and administration of, or payment or failure to pay under, this Reimbursement Agreement or the Letter of Credit and (c) the use of the proceeds of the sale of the Notes; *provided, however*, that the Authority shall not be required to indemnify an Indemnified Party for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by the willful misconduct or gross negligence of the Indemnified Party. The parties hereto agree that the provisions of this Section shall survive the termination of this Reimbursement Agreement.

(b) To the fullest extent permitted by applicable law, the Authority shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any Indemnatee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Reimbursement Agreement, any other Related Document, the portions of the Offering Memorandum relating to the Authority or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance, Term Loan or Letter of Credit or the use of the proceeds thereof. No Indemnatee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnatee through telecommunications, electronic or other information transmission systems in connection with this Reimbursement Agreement or the other Related Documents, the portions of the Offering Memorandum relating to the Authority or the transactions contemplated hereby or thereby.

*Section 8.4. Liability of the Bank.* As to the Bank, the Authority assumes all risks of the acts or omissions of the Dealer and the Issuing and Paying Agent with respect to their use of the Letter of Credit and the proceeds thereof and the proceeds of the Notes; *provided, however*, that this assumption is not intended to, and shall not, preclude the Authority from pursuing such rights and remedies as it may have against the Issuing and Paying Agent at law or under any other agreement. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

(a) the use made of the Letter of Credit or any proceeds of the Letter of Credit or for any acts or omissions of the Dealer or the Issuing and Paying Agent;

(b) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged (except where payment by the Bank in connection with drawings under the Letter of Credit constitutes the gross negligence or willful misconduct of the Bank as determined by a court of competent jurisdiction, as set forth below);

(c) payment by the Bank against presentation of documents which do not comply with the terms of the Letter of Credit, including failure of any documents to bear adequate reference to the Letter of Credit; or

(d) any other circumstances in making or failing to make payment under the Letter of Credit;

*provided, however*, that the Authority shall have a claim against the Bank, and the Bank shall be liable to the Authority for direct, but not consequential, special, exemplary, indirect or punitive damages suffered by the Authority which were determined by a final order of a court of competent jurisdiction to have been caused solely by the willful misconduct or gross negligence of the Bank in connection with drawings under the Letter of Credit. By way of amplification, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Subject to the foregoing, the determination of whether a Drawing has been presented under the Letter of Credit prior to the Termination Date or whether a Drawing under the Letter of Credit or any accompanying document or instrument is in proper and sufficient form shall be made by the Bank in its sole discretion, which determination shall be conclusive and binding upon the Authority. The Authority hereby waives any right to object to any payment made under the Letter of Credit against a Drawing with accompanying documents in the forms provided for in the Letter of Credit but varying in punctuation, capitalization, spelling or similar matters of form.

*Section 8.5. Successors and Assigns.* This Reimbursement Agreement and the Fee Letter are continuing obligations and shall be binding upon the Bank, the Authority, and their respective successors, transferees and assigns, and shall inure to the benefit of and be enforceable by the Bank, the Authority and their respective successors, transferees and assigns; *provided, however*, that the Authority shall not assign all or any part of this Reimbursement Agreement, the Fee Letter or the Bank Note without the prior written consent of the Bank.

*Section 8.6. Governing Law.* This Reimbursement Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State.

*Section 8.7. Survival of Warranties.* All agreements, representations and warranties made in this Reimbursement Agreement and in any related certificates shall survive the execution and delivery of this Reimbursement Agreement and the issuance and expiration of the Letter of Credit and the repayment of the Notes, and shall continue until any and all the Payment Obligations shall have been paid and performed in full.



*Section 8.8. Severability.* Any provision of this Reimbursement Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions or affecting the validity or enforceability of such provision in any other jurisdiction.

*Section 8.9. Counterparts.* This Reimbursement Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original, and all of which counterparts, taken together, shall constitute but one and the same agreement.

*Section 8.10. Time of Essence.* Time is of the essence of this Reimbursement Agreement and of each provision in which time is an element.

*Section 8.11. Headings.* Article, section and other headings in this Reimbursement Agreement are for convenience of reference only and shall not constitute a part of this Reimbursement Agreement for any other purpose.

*Section 8.12. Independence of Covenants.* All covenants hereunder shall be given independent effect so that if a particular action or condition is not permitted by any one of such covenants, the fact that it would be permitted by an exception to, or be otherwise within the limitations of, another covenant shall not avoid the occurrence of an Event of Default if such action is taken or condition exists.

*Section 8.13. Entire Agreement.* This Reimbursement Agreement, including Exhibits A-B, together with the other Related Documents, integrates all of the terms and conditions mentioned herein and therein or incidental hereto or thereto, and supersedes all negotiations or prior or contemporaneous agreements, whether written or oral, between the parties hereto with respect to the subject matter hereof and thereof.

*Section 8.14. No Personal Liability.* Notwithstanding anything to the contrary contained herein or in any of the Related Documents, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement or obligation of any present or future trustee, officer, employee or agent of the Authority or the Bank, or of any incorporator, trustor, member, director, trustee, officer, employee or agent of any successor to the Authority or the Bank, in any such Person's individual capacity, and no such Person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had against any present or future trustee, officer, employee or agent of City for the performance or payment of the Payment Obligations or against any present or future trustee, officer, employee or agent of the Authority or the Bank for any claim based thereon or on any such stipulation, covenant, agreement or obligation, against any such Person, in his individual capacity, either directly or through the Authority or the Bank or any successor to the Authority or the Bank, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such Person, in his individual capacity, is hereby expressly waived and released.

*Section 8.15. Maximum Rate.* This Reimbursement Agreement is subject to the express condition that at no time shall the Authority be obligated or required to pay interest on any Payment Obligations at a rate that could subject the Bank to either civil or criminal liability as a result of such rate being in excess of the maximum interest rate that the Authority is permitted by law to contract or agree to pay. If the rate of interest payable on any Payment Obligation shall exceed the Maximum Rate for any period for which interest is payable, then (a) interest at the Maximum Rate shall be due and payable with respect to such interest period, and, to the extent permitted by law, (b) interest at the rate equal to the difference between (i) the rate of interest calculated in accordance with the terms hereof and (ii) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time the Authority shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the date all Payment Obligations are payable hereunder following the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder, the Authority shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest. Any Excess Interest shall, to the extent permitted by law, bear interest at the Bank Rate until paid in full.

*Section 8.16. Participations.* The Bank may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under this Reimbursement Agreement and the other Related Documents (including, without limitation, all or a portion of the Letter of Credit and the Payment Obligations owing to it); *provided, however*, that (i) the Bank's obligations under this Reimbursement Agreement and the Letter of Credit shall remain unchanged, (ii) the Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, and (iii) the Authority shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Reimbursement Agreement and the other Related Documents. Each Participant shall be entitled to the benefits of Section 2.18 to the same extent as the Bank.

(a) The Bank may, in connection with any participation or proposed participation pursuant to Section 8.17, disclose to the participant or proposed participant any information relating to the Authority furnished to the Bank by or on behalf of the Authority, provided that the participant shall agree to maintain the confidentiality of any non-public information provided to the Bank.

(b) The Authority shall not be responsible for any cost or expense incurred by the Bank in connection with any participation in the Payment Obligations or the Letter of Credit.

(c) No Participant shall be entitled to receive payment hereunder of any amount greater than the amount which would have been payable had the Bank not granted a participation to such Participant.

*Section 8.17. No Waiver, Remedies.* No failure on the part of the Bank to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

*Section 8.18. USA Patriot Act.* The Bank hereby notifies the Authority that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “Act”), it is required to obtain, verify and record information that identifies the Authority, which information includes the name and address of the Authority and other information that will allow the Bank to identify the Authority in accordance with the Act. The Authority agrees to, promptly following a request by the Bank, provide all such other documentation and information reasonably requested by Bank for purposes of compliance with applicable “know your customer” and anti-money laundering rules and regulations, including, without limitation, the Act.

*Section 8.19. Anti-Money Laundering; OFAC; Patriot Act.* The Authority hereby agrees to, and shall take all actions reasonable and within its power and authority to cause the Authority to provide documentary and other evidence as may be reasonably requested by the Bank at any time to enable the Bank to verify the identity of the Authority or to comply with any applicable law or regulation, including, without limitation, regulations of the Office of Foreign Assets Control and Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

*Section 8.20. Assignment to Federal Reserve Bank.* The Authority hereby consents and agrees that the Bank may at any time assign or pledge a security interest in all or any portion of its rights under this Reimbursement Agreement and the Bank Note to secure its obligations, including any pledge or assignment to secure obligations to a Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits, provided that any payment in respect of such assigned Payment Obligations made by the Authority to the Bank in accordance with the terms of this Reimbursement Agreement shall satisfy the Authority’s Payment Obligations hereunder in respect of such assigned Payment Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder or under the Letter of Credit.

*Section 8.21. Waiver of Jury Trial.* (a) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS REIMBURSEMENT AGREEMENT OR ANY OTHER RELATED DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO

THIS REIMBURSEMENT AGREEMENT AND THE OTHER RELATED DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

(b) If any action or proceeding is filed in a court of the State of California by or against any party hereto in connection with any of the transactions contemplated by this Reimbursement Agreement or any other Related Document, (a) the court shall, and is hereby directed to, make a general reference pursuant to California Code of Civil Procedure Section 638 to a referee (who shall be a single active or retired judge) to hear and determine all of the issues in such action or proceeding (whether of fact or of law) and to report a statement of decision, *provided* that at the option of any party to such proceeding, any such issues pertaining to a “provisional remedy” as defined in California Code of Civil Procedure Section 1281.8 shall be heard and determined by the court, and (b) without limiting the generality of Section 2.3, the Authority shall be solely responsible to pay all fees and expenses of any referee appointed in such action or proceeding.

*Section 8.22. No Advisory or Fiduciary Role.* The Authority acknowledges and agrees that (a) the transactions contemplated by this Reimbursement Agreement, the Fee Letter and the Letter of Credit are arm’s-length commercial transactions between the Authority and the Bank; (b) the Bank is acting solely as a principal (*i.e.*, as a lender) in connection with the matters contemplated by and all communications under this Reimbursement Agreement, the Fee Letter and the Letter of Credit, and is not acting as the agent or fiduciary or Municipal Advisor (as defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the “*Municipal Advisor Rules*”)) of the Authority and its advisors in connection with the matters contemplated by this Reimbursement Agreement, the Fee Letter and the Letter of Credit; (c) the Bank is relying on the bank exemption in the Municipal Advisor Rules; and (d) the Bank has financial and other interests that differ from those of the Authority.

*Section 8.23. Electronic Execution of Certain Documents.* This Agreement and any document, amendment, approval, consent, information, notice, certificate, request, statement, disclosure or authorization related to this Reimbursement Agreement (each a “*Communication*”), including Communications required to be in writing, may, if agreed by the Bank, be in the form of an Electronic Record and may be executed using Electronic Signatures, including, without limitation, facsimile and/or .pdf. The Authority agrees that any Electronic Signature (including, without limitation, facsimile or .pdf) on or associated with any Communication shall be valid and binding on the Authority to the same extent as a manual, original signature, and that any Communication entered into by Electronic Signature, will constitute the legal, valid and binding obligation of the Authority enforceable against the Authority in accordance with the terms thereof to the same extent as if a manually executed original signature was delivered to the Bank. Any Communication may be executed in as many counterparts as necessary or convenient, including both paper and electronic counterparts, but all such counterparts are one and the same Communication. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the Bank of a manually signed paper Communication which has been converted into electronic form (such as scanned into PDF format), or an electronically signed Communication converted into another format, for transmission, delivery and/or retention. The Bank may, at its option, create one or more copies of any Communication in the form of an imaged Electronic Record (“*Electronic Copy*”), which shall be deemed created in the ordinary course of the Bank’s business, and destroy the original paper document. All

Communications in the form of an Electronic Record, including an Electronic Copy, shall be considered an original for all purposes, and shall have the same legal effect, validity and enforceability as a paper record. Notwithstanding anything contained herein to the contrary, the Bank is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Bank pursuant to procedures approved by it; provided, further, without limiting the foregoing, (a) to the extent the Bank has agreed to accept such Electronic Signature, the Bank shall be entitled to rely on any such Electronic Signature without further verification and (b) upon the request of the Bank any Electronic Signature shall be promptly followed by a manually executed, original counterpart. For purposes hereof, “*Electronic Record*” and “*Electronic Signature*” shall have the meanings assigned to them, respectively, by 15 USC §7006, as it may be amended from time to time.

*Section 8.24. EMMA Postings.* The Authority may, after consultation with the Bank, file (or cause to be filed) with the Municipal Securities Rulemaking Board under its Electronic Municipal Market Access (EMMA) system or otherwise a copy of this Reimbursement Agreement and agreements between the Bank and the Authority related to this Reimbursement Agreement, in each case redacted in a manner satisfactory to the Bank to prevent disclosure of any signatures, account information, information regarding pricing, or other proprietary or other confidential information under State law regarding the transactions contemplated hereby, or a summary of this Reimbursement Agreement and such related agreements (in each case as so redacted); *provided, however*, the Authority shall be permitted, without consultation with the Bank, to include in such redacted copies of this Reimbursement Agreement (or summaries thereof) such information as shall be necessary to comply with requirements of applicable law (including, but not limited to, federal or state securities laws and the regulations promulgated thereunder) and the requirements of the Authority’s other contractual obligations and its continuing disclosure agreements to the extent that such disclosure is required to cause the underwriting, issuance, sale or remarketing of bonds or other obligations issued by the Authority to be in compliance with applicable law. Notwithstanding anything herein to the contrary, the Bank consents to the Authority attaching this Reimbursement Agreement to any legislation required to be adopted by the governing body of the Authority to authorize the Authority’s execution, delivery and performance of such Agreement.

*Section 8.25. US QFC Stay Rules.*

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Reimbursement Agreement (and any interest and obligation in or under this Reimbursement Agreement and any property securing this Reimbursement Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Reimbursement Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Reimbursement Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Reimbursement Agreement were governed by the laws of the United States or a state of the United

States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Reimbursement Agreement or any related agreement, but subject to the requirements of paragraph (a), no party to this Reimbursement Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Reimbursement Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Reimbursement Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Insolvency Proceeding*” means a receivership, insolvency, liquidation, resolution, or similar proceeding.

“*U.S. Special Resolution Regime*” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

*Section 8.26. Treatment of Certain Information; Confidentiality.* The Authority and the Bank agree to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates, its auditors and to its related parties (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) as required by applicable public records act requirements applicable to the Authority; (c) to the extent required

or requested by any regulatory authority purporting to have jurisdiction over such Person or its Related Parties (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Related Document or any action or proceeding relating to this Reimbursement Agreement or any other Related Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or participant in, or any prospective assignee of or participant in, any of its rights and obligations under this Reimbursement Agreement or (ii) any actual or prospective party (or its Related Parties) to any swap, derivative or other transaction under which payments are to be made by reference to the Authority and its obligations, this Reimbursement Agreement or payments hereunder, (g) on a confidential basis to (i) any rating agency in connection with rating the Authority or the credit facilities provided hereunder or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers or other market identifiers with respect to the credit facilities provided hereunder, (h) with the consent of the Authority or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to the Bank or any of its Affiliates on a nonconfidential basis from a source other than the Authority. For purposes of this Section, "Information" means all information received from the Authority relating to the Authority or any of their respective businesses, other than any such information that is available to the Bank or the Issuing and Paying Agent on a nonconfidential basis prior to disclosure by the Authority, provided that, in the case of information received from the Authority after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. In addition, the Bank may disclose the existence of this Reimbursement Agreement and information about this Reimbursement Agreement to market data collectors, similar service providers to the lending industry and service providers the Bank in connection with the administration of this Reimbursement Agreement and the other Related Documents. Except as otherwise provided below in this paragraph, the Authority agrees that it will not issue any press release or similar public disclosure using the name of the Bank or its Affiliates nor will the Authority make any public disclosure of this Reimbursement Agreement or any part hereof or any statement or description of the content of this Reimbursement Agreement or any part hereof, without the prior written consent of the Bank. Subject to Section 8.24 hereof, the Authority may include any redacted copies of this Reimbursement Agreement and related agreements (or summaries thereof) in any official statement, offering circular or other disclosure document prepared in connection with any issuance of Subordinate Debt by the Authority. For the avoidance of doubt, nothing herein prohibits any individual from communicating or disclosing information regarding suspected violations of laws, rules or regulations to a governmental, regulatory, or self-regulatory authority.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Reimbursement Agreement to be duly executed and delivered by their respective duly authorized officers as of the day and year first above written.

WALNUT ENERGY CENTER AUTHORITY

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

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

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

Attest:

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

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

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



BANK OF AMERICA, N.A.

By: \_\_\_\_\_  
Name: Scott Nash  
Title: Senior Vice President

**EXHIBIT A**

**FORM OF LETTER OF CREDIT**

## EXHIBIT B

### FORM OF BANK NOTE

\$40,000,000

Walnut Energy Center Authority  
Subordinate Commercial Paper Notes, Series A (Taxable) and  
Series B (Non-AMT)

August 25, 2025

For Value Received, the undersigned, Walnut Energy Center Authority, a joint powers authority duly organized and existing under the laws of the State of California (the “*Authority*”), hereby promises to pay to the order of Bank of America, N.A. (the “*Bank*”), in the manner and on the dates provided in the Reimbursement Agreement, dated as of August 1, 2025 (the “*Reimbursement Agreement*”), between the Authority, and the Bank, in lawful money of the United States of America and in immediately available funds in an amount equal to the aggregate outstanding principal amount of the Advances and Term Loans from time to time owing to the Bank under the Reimbursement Agreement. Terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Reimbursement Agreement.

The Authority further promises to pay interest from the date hereof on the outstanding principal amount hereof and unpaid interest hereon from time to time at the rates and times and in all cases in accordance with the terms of the Reimbursement Agreement. The Bank may endorse its books and records relating to this Bank Note with appropriate notations evidencing the amounts drawn under the Letter of Credit and payments of principal hereunder as contemplated by the Reimbursement Agreement.

This Bank Note is issued pursuant to, is entitled to the benefits of, and is subject to, the provisions of the Reimbursement Agreement, as further supplemented and amended in accordance with the terms thereof. Voluntary prepayments may be made hereon, certain prepayments are required to be made hereon, and this Bank Note may be declared due prior to the expressed maturity hereof, all on the terms and in the manner provided for in the Reimbursement Agreement.

The parties hereto, including the undersigned maker and all guarantors, endorsers and pledgors that may exist at any time with respect hereto, hereby waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance and enforcement of this Bank Note and assent to the extensions of the time of payment or forbearance or other indulgence without notice.

The obligations of the Authority under this Bank Note constitute “Subordinated Debt” as defined in the Reimbursement Agreement. This Bank Note is secured by and payable from Net Revenues on a basis on a parity with the Subordinated Debt.

This Bank Note and the obligations of the Authority hereunder shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Authority has caused this Bank Note to be signed in its corporate name as an instrument by its duly authorized officer on the date and in the year first above written.

WALNUT ENERGY CENTER AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Attest:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE FOR NOTE  
DATED AUGUST 25, 2025  
BY WALNUT ENERGY CENTER AUTHORITY  
PAYABLE TO BANK OF AMERICA, N.A.**

| DATE | AMOUNT OF<br>ADVANCE | PRINCIPAL<br>REPAID/<br>PREPAID | MATURITY DATE | NOTATION<br>MADE BY |
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**EXHIBIT C**

**LITIGATION**

**None [TO BE CONFIRMED WITH AUTHORITY]**

## EXHIBIT D

### FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this "*Certificate*") is furnished to Bank of America, N.A. (the "*Bank*"), pursuant to that certain Reimbursement Agreement dated as of August 1, 2025 (the "*Reimbursement Agreement*"), between the Walnut Energy Center Authority (the "*Authority*") and the Bank. Unless otherwise defined herein, the terms used in this Certificate shall have the meanings assigned thereto in the Reimbursement Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly appointed Authorized Representative;
2. I have reviewed the terms of the Reimbursement Agreement and I have made, or have caused to be made under my supervision, a detailed review of the activities of the Authority during the accounting period covered by the attached financial statements for the purpose of determining whether or not the Authority has complied with all of the terms, provisions and conditions of the Reimbursement Agreement and the Related Documents;
3. The examinations described in paragraph 2 did not disclose, and I have no knowledge of, the existence of any condition or the occurrence of any event which constitutes a default in the performance or observance of any of the terms, covenants, provisions or conditions of the Reimbursement Agreement or a Default or Event of Default, in each case, during or at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate, except as set forth below;
4. To the best of my knowledge the financial statements required by Section 5.1(a) of the Reimbursement Agreement and being furnished to you concurrently with this certificate fairly represent the consolidated financial condition of the Authority in accordance with GAAP (subject to year-end adjustments, as applicable) as of the dates and for the periods covered thereby;



Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the nature of the condition or event, the period during which it has existed and the action which the Authority has taken, is taking, or proposes to take with respect to each such condition or event:

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The foregoing certifications and the financial statements delivered with this Certificate in support hereof, are made and delivered this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

WALNUT ENERGY CENTER AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FEE LETTER**  
**DATED AUGUST 25, 2025**

Reference is hereby made to the Letter of Credit Reimbursement Agreement dated as of August 1, 2025 (as amended, supplemented or otherwise modified from time to time, the “*Agreement*”), between the WALNUT ENERGY CENTER AUTHORITY, a joint powers authority duly organized and existing under the laws of the State of California (the “*Authority*”), and BANK OF AMERICA, N.A. (the “*Bank*”), relating to the Walnut Energy Center Authority Subordinate Commercial Paper Notes, Series A (Taxable) and Series B (Non-AMT) (collectively, the “*Notes*”). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Letter is to confirm the agreement between the Bank and the Authority with respect to the Letter of Credit Fee (as defined below) and certain other fees and expenses payable by the Authority to the Bank. This Fee Letter is the Fee Letter referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement.

ARTICLE I. FEES.

*Section 1.1. Letter of Credit Fees.* The Authority hereby agrees to pay to the Bank, on October 1, 2025, for the period commencing on the Closing Date and ending on September 30, 2025, and in arrears on the first Business Day of each January, April, July and October occurring thereafter to the Termination Date, and on the Termination Date, a non-refundable letter of credit fee (the “*Letter of Credit Fee*”). The Letter of Credit Fee is payable for each quarterly fee period, commencing on the first calendar day of such quarterly fee period and ending on the last calendar day of such quarterly fee period, in an amount equal to the product of (a) the rate per annum associated with the Level specified below corresponding to the Rating (as defined below) (the “*Letter of Credit Fee Rate*”) multiplied by (b) the Stated Amount of the Letter of Credit (without regard to any temporary reductions thereof) during each related quarterly fee period:

| LEVEL   | MOODY’S<br>RATING (to the<br>extent that<br>Moody’s rates<br>any Parity Debt<br>at the request of<br>the Authority) | S&P RATING   | FITCH RATING | LETTER OF          |
|---------|---|--------------|--------------|--------------------|
|         |   |              |              | CREDIT<br>FEE RATE |
| Level 1 | Aa3 or above  | AA- or above | AA- or above | 0.37%              |
| Level 2 | A1  | A+           | A+           | 0.52%              |
| Level 3 | A2  | A            | A            | 0.72%              |
| Level 4 | A3  | A-           | A-           | 0.92%              |
| Level 5 | Baa1  | BBB+         | BBB+         | 1.12%              |
| Level 6 | Baa2 or below   | BBB or below | BBB or below | 1.52%              |

The term “Rating” as used above shall mean the lowest long-term revenue bond debt ratings (each a “rating”) assigned by any of Moody’s (to the extent that Moody’s rates any Parity Debt at the request of the Authority), S&P or Fitch to any Senior Lien Bonds of the Authority that is not guaranteed by any other Person or subject to any third-party credit enhancement (the “Parity Debt”). For the avoidance of doubt, in the event of a split rating (i.e., one or more of the foregoing Rating Agencies’ rating on any Parity Debt is at a different Level than any other rating on Parity Debt from any of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the Level in which the lowest rating appears. References to ratings above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system by any Rating Agency, the ratings from such Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system which most closely approximates the applicable rating category as currently in effect. The Authority acknowledges and the Bank agrees, that as of the Closing Date the Letter of Credit Fee Rate is that specified above for Level 1 and that no Moody’s rating has been requested by the Authority as of the Closing Date on any Parity Debt. In the event that any rating is suspended or withdrawn or otherwise unavailable from any Rating Agency (to the extent then providing such a rating), or upon the occurrence and continuance of an Event of Default, the Letter of Credit Fee Rate shall immediately and without notice increase by 1.50% per annum from the Letter of Credit Fee Rate otherwise in effect. Any change in the Letter of Credit Fee Rate resulting from a reduction, withdrawal, suspension or unavailability of a rating shall be and become effective as of and on the date of the announcement of the reduction, withdrawal, suspension or unavailability of such rating. In the event that a Letter of Credit Fee is not paid when due, interest shall accrue on such Letter of Credit Fee from the date payment is due until payment in full at the Default Rate. Such Letter of Credit Fee shall be payable in immediately available funds and computed on the basis of a 360-day year and the actual number of days elapsed.

*Section 1.2. Drawing Fee.* The Authority agrees to pay to the Bank, on the date of each Drawing under the Letter of Credit, a non-refundable drawing fee of \$300 for each such Drawing.

*Section 1.3. Transfer Fee.* Upon each transfer of the Letter of Credit in accordance with its terms, the Authority agrees to pay to the Bank a non-refundable transfer fee in an amount equal to \$2,500 (or such greater amount as proposed by the Bank and agreed to by the Authority), plus, in each case, the reasonable fees and expenses of counsel to the Bank, payable on the date of such transfer.

*Section 1.4. Amendment Fee.* The Authority agrees to pay to the Bank a non-refundable amendment, standard waiver or consent fee, as applicable, in an amount of \$2,500 (or such greater amount proposed by the Bank and agreed to by the Authority) on the date of each amendment, supplement or modification to the Agreement, the Letter of Credit or this Fee Letter or in connection with any amendment, supplement or modification of any other Related Document which requires the consent of the Bank or in connection with any standard waiver by the Bank requested by the Authority with respect to the Agreement, the Letter of Credit, this Fee Letter or any other Related Document, plus, in each case, the reasonable fees and expenses of

counsel to the Bank; *provided, however*, that the Bank may in its sole discretion waive the amendment fee.

*Section 1.5. Termination Fee; Reduction Fee.* The Bank agrees not to impose on the Authority a termination fee in the event the Authority terminates, or causes the termination of, the Letter of Credit prior its Stated Expiration Date or a reduction fee in the event the Authority permanently reduces the Stated Amount of the Letter of Credit.

## ARTICLE II. MISCELLANEOUS.

*Section 2.1. Expenses.* The Authority shall promptly pay on the Closing Date, all of the Bank's out-of-pocket expenses and the reasonable fees and expenses of counsel for the Bank, plus disbursements, in connection with the execution and delivery of the Agreement, the Letter of Credit and this Fee Letter (in amount not to exceed \$55,000).

*Section 2.2. Amendments.* No amendment to this Fee Letter shall become effective without the prior written consent of the Authority and the Bank.

*Section 2.3. Governing Law.* This Fee Letter shall be governed by, and construed in accordance with, the laws of the State of California.

*Section 2.4. Counterparts.* This Fee Letter may be executed in multiple counterparts, each of which shall constitute an original but both of which, when taken together, shall constitute but one and the same instrument and it will not be necessary in making proof of this Fee Letter to produce or account for more than one such counterpart. This Fee Letter may be delivered by the exchange of signed signature pages by facsimile transmission or by attaching a pdf copy to an email, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

*Section 2.5. Severability.* Any provision of this Fee Letter which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction, and the remaining portion of such provision and all other remaining provisions will be construed to render them enforceable to the fullest extent.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter to be duly executed and delivered by their respective officers as of the date above first written.

WALNUT ENERGY CENTER AUTHORITY

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

BANK OF AMERICA, N.A.

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

Name: Scott Nash

Title: Senior Vice President