A G E N D A

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
LAKESIDE WATER DISTRICT

June 18, 2026

Meeting Place: Lakeside Water District; 10375 Vine Street
Lakeside CA 92040; **5:30 p.m**.

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Brett Sanders, General Manager, at (619) 443-3805 for assistance so the necessary arrangements can be made.

1. Call to Order

2. Prayer/Invocation

3. Pledge of Allegiance

4. Approval of the Agenda

5. Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meeting the requirements of Government Code Setion 54954.2)

6. Yerba Valley Annexation Project Funding Overview. Sanders/Mr. Semenov – Ridgeline Municipal Strategies

7. Approve Proposal for Continuation of Services for Edsell (Chip) Eady with Nossaman LLP to Perform Bond Counsel, Disclosure Counsel and Reimbursement Agreement for Yerba Valley Annexation Funding. Sanders

8. Consider Proposals and Select Underwriter for water revenue financing related to Yerba Valley Annexation Funding. Sanders/Mr. Semenov - Ridgeline Municipal Strategies

9. Consider Revision to Administrative Code Section 16.1-5 Credit Quality Requirements for CFD Financing; Section 16.1-7 Equity of Special Tax Formulas and Maximum Special Taxes; Section 16.1-10 Terms and Conditions of Indebtedness. Sanders

10. Consider Resolution 26-06 Declaring the Official Intent of Lakeside Water District to Reimburse Itself from the Proceeds of Debt for Capital Expenditures, Certain Preliminary Expenditures and Costs of Issuance Temporarily Funded from District Revenues or other Sources. Sanders/Mr. Eady - Nossaman

11. Adjourn; Next Regular Meeting to be held on July 7, 2026.

PUBLIC COMMENT PROCEDURES

Members of the public will be allowed to address the Board on any agenda item prior to the Board's decision on the item. They will also be allowed to comment on matters not on the posted agenda, which are under the subject matter jurisdiction of the district. No action may be taken by the board except to set the matter presented for the next regular board meeting if proposed by the board. State your name, topic and provide the secretary with a request to speak form, so you can be properly included in the comment period. Comments are limited to 3 minutes and the board is not required to comment on the topic.

CERTIFICATE OF POSTING

I certify that on June 15, 2026, I posted a copy of the meeting agenda and any public records relating to items on the agenda and that they are available for public inspection at the time the record is distributed to all, or a majority of all members of the board. Such records shall be available at the district office located at 10375 Vine Street, Lakeside, California, or on the district's website at LakesideWater.org.

Agendas are posted at least 72 hours in advance of a regular meeting, or 24 hours in advance of a special meeting of the Board of Directors, near their regular meeting place, and as per Government Code Section 54954.2(a)(1) and 54956(a).

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Brett Sanders, General Manager / Board Secretary

Yerba Valley Funding Strategy Update

June 18, 2026

Ridgeline
MUNICIPAL STRATEGIES

Municipal Advisory | Financial Planning | Pension Optimization

Lakeside Water District

Project Overview - Yerba Valley Annexation

- Area annexation costs and water lines for 17 parcels

- Approximate total budget: $1.8 million

- Property owners formed a Mello-Roos Community Services District to tax themselves to pay for the Project

Mello-Roos Financing Overview

- Mello-Roos Community Facility Districts (CFD) levy special taxes on individual parcels
- Special taxes are collected on the tax bill and pledged for debt repayment
- Mello-Roos bonds are limited to special taxes as the only source of repayment and are considered to be risky
- A 17-parcel CFD is considered to be highly concentrated and very risky
- Investors look for multiple levels of protection:
  - Debt service reserve fund equal to 1 year of debt service (usually funded with bond proceeds)
  - Additional rolling debt service reserve (assess first year at max tax)
  - Accelerated tax sale (1 year for small districts) if taxes are not paid
- Mello-Roos bonds for a small district are very complex and expensive (up-front costs and interest rate) and have rules that may not work for the District and residents

Alternative Financing Method

- **To make financing easier, more accommodating to residents, and less expensive the District can use an alternative approach:**
  - District issues debt secured by all of its revenues
  - CFD reimburses the District for all debt service payments
- **Benefits:**
  - Easier financing process
  - Cheaper debt (lower up-front costs and lower interest rate)
  - Flexibility to address non-payment of special taxes
- **Risks:**
  - District pledges all of its revenues and is fully responsible for debt repayment
  - District assumes the risk of delayed special tax payments
  - May impact future debt issuance

Water Revenue Financing Overview

- Water revenues are generally viewed by financial markets as stable and predictable
- Net revenue pledge is the most common financing structure for water system improvements
  - Gross Revenues – O&M Expenses = Net Revenues
- Net revenues are pledged for the repayment of the debt
- Water districts can finance projects with tax-exempt debt
- Typical financial covenants:
  - Rate Covenant: Set water rates to ensure debt service coverage ratio of no less than 1.25x
  - Additional Debt Test: Additional debt is allowed, as long as Rate Covenant is maintained

Preliminary Financing Estimate

Description	Mello-Roos CFD	Net Revenues
Term	30 years	30 years
Indicateive True Interest Cost [1]	5.40%	4.65%
Financing Amount		
Project Fund	$1,800,000	$1,800,000
Debt Service Reserve	$140,000	$0
Estimated Cost of Issuance	$180,000	$150,000
Total Financing Amount	**$2,120,000**	**$1,950,000**
Average Annual Debt Service	**$144,000**	**$122,000**
Net Interest Cost	**$2,200,000**	**$1,710,000**

[1] True Interest Cost for bond sale includes Underwriter's Discount. Indicative Rates are as of 05/01/2026 and may change.

Water revenue financing option is estimated to save the homeowners approximately $490,000 over 30 years (subject to assumptions shown above)

Possible Financing Methods

- Three possible ways to finance the Project
  - Public Sale (municipal bonds / certificates of participation)
  - Private Placement (bank loan)
  - Government Loan (USDA, SRF, or IBank)
- Government loans are very complicated and take a long time (often 1-1.5+ years). USDA and IBank pricing currently not attractive. USDA declined to finance entire Project.
- Private Placement update:
  - Surveyed 5 banks most likely to do this type of financing
  - None of the banks were able to offer a 30-year financing term
  - The maximum term is likely to be 20 years, but more likely 15 years, too short for this financing

Recommended Method of Sale

- Public sale is likely to be more appropriate given the 30-year term requirement
- Negotiated sale (District retains underwriter to sell bonds / certificates to investors):
  - Small financing amount with long term
  - No prior debt history
- Currently anticipate True Interest Cost in mid- to high-4% range

Finance Team Members & Responsibilities

- Ridgeline Municipal Strategies, LLC – **Municipal Advisor**
    - Fiduciary to District
    - Assure that fiscal and policy interests are protected
    - Manage financing transaction on behalf of District
- Nossaman LLP – **Bond / Disclosure Counsel**
    - Attorney to District
    - Prepare all legal documentation; assure bonds are "valid and legally binding obligations"
    - Prepare Official Statement, a public disclosure document, for the bonds
    - Issue Tax opinion
- **Underwriter / Placement Agent** – To Be Selected (Two Proposals)
    - FINRA member and Broker-Dealer; acting as independent agent
    - Source capital; price and sell bonds to investors on behalf of District

Prepayments and Timing

- District intends to complete work and finance actual costs after project completion
- Project expected to be completed by October 1
- Homeowners will have opportunity to prepay their FULL share of project costs before financing (adjusted for previously collected assessments)
- Anticipated prepayment timeline (subject to change based on project completion date):
  - Prepayment amounts calculated and circulated – November 13, 2026
  - Homeowners give notice of prepayment – December 15, 2026
  - Last day to deliver cashier's checks to the District – January 15, 2027
  - Only fully paid prepayments will be counted
- Any prepayments after January 15, 2027 will include financing costs (costs of issuance + unpaid interest)
- Anticipated financing closing – February 19, 2027

Questions?

Dmitry Semenov

Ridgeline Municipal Strategies, LLC

(916) 250-1590

dsemenov@RidgelineMuni.com

RidgelineMuni.com

Memorandum

To: Board of Directors

From: Brett Sanders, General Manager

Date: 6-18-26

Re: Consider Proposal for Continuation of Services with Nossaman LLP to perform Bond and Disclosure Counsel Responsibilities for the District to Fund the Yerba Valley Annexation Project.

Board Members,

The Yerba Valley Annexation Financing will require that the District obtain the services of a Bond and Disclosure Counsel Specialist to review and prepare many documents and legal presentations, from agreements to Board approvals. The District has been working with Edsel Eady with Nossaman LLP and previously with Procopio LLP to review and prepare all the legal approvals the Board has considered over the past 6 years regarding the Yerba Valley Project. Mr. Eady has also met with the group at a meeting to outline the course of the establishment of the Community Facilities District in approximately 2022-23. The current estimate of the cost to complete the funding of the project is $80,000. Mr. Eady has submitted an Engagement Agreement requiring signature and direction from the Board to continue proceeding forward in the project.

Following is a listing of specific tasks that are required during the funding process.

Nossaman LLP Scope of Tasks for Yerba Valley Annexation Funding

1. **Bond Counsel**.

   a. Attend all working group meetings for the planning and execution of the COP financing.

   b. Research, prepare, negotiate, revise and finalize the following major legal documents:

      i. Installment Sale Agreement between CSDA Finance Corporation (“CFC”) and Lakeside Water District (“LWD”).

   ii. Trust Agreement among U.S. Bank Trust Company, National Association, as trustee ("Trustee"), CFC and LWD, including the form of Certificates of Participation ("COPs") to be offered to investors and sold to the selected underwriter for distribution to investors.
   iii. Tax Certificate and Agreement, including post-issuance tax compliance and recordkeeping requirements.

c. Review, negotiate and comment/revise documents prepared for the underwriter, including the Certificate Purchase Agreement with the terms and conditions for the underwriter purchasing the COPs.
d. Prepare official proceedings and required documents and filings, including:
   i. Certified formation documents and proceedings for LWD.
   ii. Authorizing board resolution of CFC.
   iii. Authorizing board resolution of LWD, including attendance at board meeting.
   iv. Reimbursement (official intent) board resolution of LWD.
   v. Notice of Proposed Debt Issuance for California Debt and Investment Advisory Commission.
   vi. Notice of Final Sale for California Debt and Investment Advisory Commission.
e. Prepare for and conduct the preclosing and closing and delivery of the COPs, including:
   i. Preparation of certificates and documents, including:
      1. Receipt for COPs.
      2. Specimen COPs.
      3. Certificates of CFC, the Trustee and LWD.
      4. Form 8038-G for filing with the IRS, including yield of the COPs.
      5. Depository Trust Company Blanket Letter of Representations.
   ii. Preparation of initial requisitions for trustee disbursements from Costs of Delivery Fund and Project Fund.
   iii. Preparation of final legal opinion and supplemental legal opinion of bond counsel.
   iv. Review of legal opinions of counsel to Trustee, CFC and the underwriter.
f. Prepare official transcript of all transaction documents.

2. **Disclosure Counsel.**
    a. Attend all due diligence meetings to review and confirm facts and matters to be disclosed to COP investors.
    b. Research, prepare and revise Preliminary Official Statement ("POS") to offer the COPS to investors, and the final Official Statement ("OS") reflecting the terms of the COPs as agreed with the underwriter, including:
        i. Disclosure regarding CFC.
        ii. Disclosure regarding LWD.
        iii. Description of the COPs.
        iv. Project description.
        v. Description of security and sources of payment for the COPs.
        vi. Descriptions of the Installment Sale Agreement and the Trust Agreement.
        vii. Description of certain risk factors associated with investment in the COPs.
        viii. Description of matters of federal tax law affecting the tax-exempt status of interest paid with respect to the COPs.
        ix. Description of continuing disclosure agreement of LWD.
        x. Description of constitutional provisions affecting LWD revenues and appropriations.
        xi. Appendices to POS and OS, including summary of principal legal documents, description of economic and demographics of LWD and the County of San Diego.
    c. Prepare Continuing Disclosure Agreement for ongoing disclosure to investors post-closing.
    d. Prepare SEC Rule 15c2-12 certificate as to finality of COP offering documents, including guided LWD board review and approval of disclosure to investors.
    e. Prepare for and participate in presentations to bond rating agencies.

3. **Reimbursement Agreement** between the CFD and LWD, constituting indebtedness of the CFD payable from special tax revenues, to reimburse LWD for its COP payments.

To proceed expeditiously with the project I request that the Board direct me to sign the proposal to continue working with Mr. Eady and Nossaman LLP to perform the Bond and Disclosure Counsel and required agreements as needed.

Thank you,
Brett Sanders

NOSSAMAN LLP

ATTORNEYS AT LAW

501 West Broadway
Suite 800
San Diego, CA 92101
T 619.342.2405

Edsell "Chip" M. Eady Jr.
D 619.342.2405
ceady@nossaman.com

Admitted only in California

June 18, 2026

Brett Sanders
General Manager
Lakeside Water District
10375 Vine Street
Lakeside, CA 92040

Re: Engagement as special counsel and disclosure counsel in connection with financing water system improvements related to Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area) using CSDA Finance Corporation Lakeside Water District Installment Purchase Agreement Certificates of Participation (the "COP Matter")

Dear Mr. Sanders:

This agreement ("Agreement") supplements the existing engagement agreement between Lakeside Water District and Nossaman LLP (the "Firm") related to Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area) (the "CFD Matter"), which will remain in effect solely as to the CFD Matter and not the captioned COP Matter.

With respect to the captioned COP Matter, we are very pleased to have the opportunity to provide legal services to [Company] (the "Client"). (The terms "you" and "yours" as used in this letter shall refer to the Client, and the terms "we and our" refer to the Firm.) We expect that these services will be provided principally by attorneys resident in our San Diego office (including the undersigned), although we may call upon attorneys in our other offices to provide advice or assistance on your matters if appropriate. This letter will serve to record our agreement of the terms and conditions of our representation upon the full execution and delivery of this letter and completion of a review of all conflicts and credit as acceptance of the engagement by Firm Management.

1. The Client has asked us and we agree to represent the Client with respect to the COP Matter, involving the financing of certain additions and improvements to the Client's water system extending water service to parcels within the boundaries of Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area) (the "CFD"), through the offering, sale, execution and delivery of certificates of participation (the "COPs") representing fractional undivided interests in installment payments to be made by the Client under an installment purchase agreement by and between the Client, as purchaser, and the CSDA Finance Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State of California (the "Corporation"). It is presently

contemplated that the Client and the Corporation will enter into a trust agreement with U.S. Bank Trust Company, National Association, as trustee, providing for the execution and delivery of the COPs to be sold under a certificate purchase agreement with an underwriter to be selected by the Client. We understand that proposals for underwriting the COPs are being invited from Hilltop Securities Inc. and Piper Sandler & Co. The Client has designated ***Brett Sanders*** to receive our billings and other information with respect to this Agreement and to give us instructions as to how we are to provide legal services to the Client under this Agreement.

2. We understand that we are being retained only by the Client and any additional related entities specifically identified by the Client. We have performed our conflict check based upon the information you the Client provided to us. You agree that we are not bound to avoid conflicts with any other entities that you have not identified to us.

3. On the COP Matter covered by this Agreement, we agree to provide such legal services as we determine are reasonably required to represent the Client; to take reasonable steps to keep you informed of facts and developments concerning the COP Matter as they come to our attention; and to respond to your reasonable inquiries. The Firm's lawyers have no obligation to share information, even information material to the representation, if that information was learned while representing other clients and is confidential to those other clients. The Client agrees to cooperate with us, to keep us informed of developments, to abide by this agreement and to pay our statements for services in accordance with the provisions below.

4. Our fees for services provided to the Client pursuant to this Agreement will be calculated and billed based upon the terms set out in Attachment B hereto or otherwise agreed between the parties in writing. Except as set out in said Attachment B, our statements for services will provide a description of the services performed, the date they were performed, and the time devoted to the COP Matter.

5. The hourly rates of individuals who are currently expected to perform services with respect to the COP Matter are set forth on Attachment A hereto and will generally be recorded in one tenth hour increments. If other personnel are asked to perform services, you will be informed of their billing rates on the first statement following their initial service. We expect that the attorneys listed on Attachment A will render the bulk of the services. From time to time, our rate structure in general, or the rates of particular attorneys, paralegals or clerks, may be increased. If so, you will be advised of the new rates. Except as otherwise provided on Attachment B, the new rates shall apply to all work performed after you have been advised of the new rates.

6. Except where there is a designated lump sum fee for services as set out in Attachment B hereto or otherwise agreed between the parties in writing, our hourly rates apply to all time spent on the COP Matter, including but not limited to preparing, analyzing, reviewing and revising correspondence and documents; factual and legal research; consultation and advice; conducting negotiations; engaging due diligence; conferences; preparing for and conducting the COP closing; travel time; conferring with other attorneys in our Firm, or other parties involved in the COP Matter; and such other legal services of as this engagement may require.

7. We will ordinarily incur various costs and expenses or will provide certain in-house services while performing legal services. Subject to the terms set out in Attachment B, you agree to pay for these items in addition to our fees for legal services. The costs and expenses and in-house services may include,

but will not necessarily be limited to, filing fees fixed by law or assessed by courts or other agencies; court reporters' fees; witness fees; experts' fees; consultants' fees; process server fees; investigation expenses; out of town travel expenses; electronic discovery data hosting charges, messenger and private courier delivery charges; photocopying and other reproduction services; research charges; and similar items.

In accordance with our Firm policies we currently charge $1 per page for outgoing faxes, 10 cents per page for black/white reprographic and printing services and 35 cents per page for color reprographic and printing services. External costs and expenses are charged at our cost, including computerized research and electronic evidence data processing. Where the Firm maintains a fixed subscription contract with a vendor for computerized research, you will be charged for the actual cost incurred by the Firm during the given month which often results in substantial discounts of the vendor's regular rates. We will not charge you for word processing, overtime expenses associated with administrative or secretarial personnel, telephone calls within the United States and similar items unless these items are unusually large in amount and we obtain your agreement in advance. We will not add a "handling" charge for costs and expenses incurred on your behalf.

8. We are not required to advance payment for any external expenses. If for any reason we advance a payment for external expenses, you agree to promptly pay our invoices with those charges. In addition, we may submit those charges directly to you and ask that you pay such charges directly to the vendors, in a timely manner. If you do not make timely payments to vendors, we reserve the right to pay those vendors on your behalf and include such charges in our statements and require reimbursement from you. It is important that vendors be promptly reimbursed so that we can retain good professional relationships with those vendors.

9. Our files for work prepared pursuant to this Agreement are the Client's property. We will release our files for work performed pursuant to this Agreement to you or to anyone else you designate upon your written request delivered to the attorney in charge of your matters. However, you agree that we may, in our sole discretion, copy all or any portion of the file and charge the copying costs to you, and that we may have a reasonable period of time before releasing the documents to you or anyone else you designate in order to copy all or any portion of the files you have directed us to surrender. We will, from time to time, send portions of your files that are not currently needed to an off-site storage facility. The cost of this facility will be our sole expense. However, we are not the guarantor of the security of any off-site storage facility. Accordingly, you agree that the Firm will not be responsible for any damages which may occur as a result of the loss of any of your files which we store at an off-site storage facility. You also agree that we may, after the passage of two years without our having performed any work for you pursuant to this engagement for services, destroy your files unless you provide us with written instruction to forward the files to you or to another person you designate.

10. You agree to keep us informed of any change in your address, telephone numbers, or electronic mail address so that we may effectively communicate with you. We will also advise you promptly of any change in the Firm's business address, electronic mail address or telephone or facsimile numbers. You agree that we may communicate with you via electronic mail or wireless telephone even though these media may be less secure than alternative means of communication.

11. To aid in your matters, it may become necessary to hire experts, consultants or investigators. Such persons will be employed by us on your behalf, not by you, so as to protect any

privileged work; but we will not hire such persons unless you approve and also agree to pay their fees and charges. The responsibility to pay for their services is solely yours.

12. Except if our fees and expenses are payable contingent upon, and from the proceeds of, any bond or other debt financing (such as the COPs), we will send you monthly statements for fees and costs incurred. Payment is due within 30 days of the date of invoice. If not paid within the 30 days, interest shall accrue at the rate of 12% per annum thereafter. **You agree to read your statements carefully and promptly notify the Firm of any error.**

If payment is to be made by check, please make checks payable to Nossaman LLP and mail checks to:

Nossaman LLP
Attn: Accounts Receivable
777 S. Figueroa Street, 34th Floor
Los Angeles, CA 90017

**Please include the Attorney name and/or client-matter number as a reference.*

If payment is to be made by wire transfer or ACH, please use the following instructions to complete the transaction.

California IOLTA Account - Client Trust Account

Beneficiary: Nossaman LLP
777 S. Figueroa St., 34th Floor
Los Angeles, CA 90017

Receiving Bank:
Citi Private Bank
300 South Grand Avenue, 31st Floor
Los Angeles, CA 90071

Routing Number: 322271724

Account Number: 202521449

Swift Code (for international wires): CITIUS33

**Please include the Attorney name and/or client-matter number as a reference.*

13. You may discharge us as your attorneys at any time. We may withdraw as your attorneys with or without your consent, as long as permitted by law. Some of the reasons that may cause us to withdraw include but are not limited to the following: your breach of this agreement; your failure to pay our bills on time; your refusal to cooperate with us; your refusal to follow our advice on a material matter; the development of irreconcilable disagreement between you and us as to the conduct of the engagement;

or any other fact or circumstance that would render our continuing representation contrary to your interests, or to law, or to the rules of professional conduct. Failure to withdraw as your attorneys on any one occasion shall not be a waiver of our right to do so if such other occasions arise.

If you discharge us, or if we elect to withdraw, you agree to secure forthwith other counsel of your own selection to represent you and, if we are your attorneys of record in any litigation, to cooperate fully in substituting such new counsel as your attorneys of record in the litigation.

14. Nothing in this Agreement and nothing in our statements to you should be construed as a guarantee or promise about the outcome of your matter or any phase thereof. Comments about the course or outcome of your matter or any phase thereof which we may make from time to time are expressions of opinion only. You acknowledge that the amount of legal fees and costs which may be incurred on your behalf pursuant to this agreement is not capable of precise prediction; and you acknowledge that we have made no guarantees or promises and that you have set no limits with regard to the cost of services we provide you.

15. Except for a claim for the Client's failure to pay fees for professional services and/or expenses, if any dispute arises out of, or relates to, a claimed breach of this agreement, the professional services rendered by attorneys, or any other disagreement of any nature, type or description regardless of the facts or legal theories which may be involved, such dispute shall be resolved by binding arbitration before the Los Angeles Office of JAMS (or similar alternative dispute resolution firm should JAMS cease to operate), by a single arbitrator. Discovery shall be permitted pursuant to the provisions of Code of Civil Procedure section 1283.05. Each side shall bear his/her own costs and attorneys' fees.

16. Any dispute as to the Client's failure to pay fees for professional services and/or expenses shall, subject to the provisions of Business and Professions Code sections 6200 et seq., be resolved in the appropriate Superior Court of the State of California. The party prevailing in an action regarding a dispute as to the client's failure to pay fees for professional services and/or expenses shall be entitled to recover from the other party the prevailing party's actual attorneys' fees and costs incurred, including expert witness fees, witness fees, and associated expenses, whether or not the action proceeds to judgment. For the purposes of enforcing this Agreement, and as otherwise required by law, you agree that this agreement may be disclosed to a court or arbitrator.

17. This Agreement is made under and shall be construed in accordance with the substantive laws of the State of California without reference to its choice of law rules.

18. We carry professional liability insurance which would cover the services we will be providing to you under the terms of this Agreement. That insurance is subject to a significant self-insured retention.

19. This Agreement will take effect when you sign this Agreement and return it to us, but its effect will be retroactive to the date we first performed services on your behalf with respect to the COP Matter. The Client agrees that its performance under this Agreement and its payment of the fees and costs required hereunder shall be in Los Angeles and San Diego, California.

20. This Agreement constitutes a single, integrated written contract expressing the entire Agreement of the Client and our Firm with respect to the COP Matter. There is no other agreement, written

or oral, express or implied, between the parties with respect to the subject matter of this Agreement. This Agreement may be modified only in a writing signed by all the parties. This Agreement shall be construed by giving effect to the plain meaning of its terms.

We are very proud of our client relationship, and occasionally identify clients to others who ask about our client base, or in institutional materials. Unless you object in writing, we assume that you agree that we may state that we represent you in such matters as we deem appropriate, although of course we would not publish or disseminate any confidential information.

Please understand that your engagement of the Firm will not become final until we advise you that we have cleared potential conflicts and a credit review of this engagement is approved by the Firm's Management.

If these terms are acceptable to you, please sign in the space provided below and email to me at ceady@nossaman.com.

We appreciate your continued confidence in our Firm and look forward to working with you on the COP Matter.

Very truly yours,

Edsell "Chip" M. Eady Jr.
Nossaman LLP

EME:ag

ACCEPTANCE

I have read and understand the foregoing terms and agree to them as of the date that Nossaman LLP first provided services to [Company].

Dated:______________________________ [Company]

By:____
Brett Sanders
General Manager

ATTACHMENT A

SCHEDULE/EXPLANATION OF FEES

Billing Rates charged in one-tenth hour increments:

TIMEKEEPER	**BLENDED HOURLY RATE**
Attorneys:	
Edsell M. "Chip" Eady, Jr. (Of Counsel) Lolly E. Enriquez (Partner)	$590.00
Paralegals/Clerks:	
If needed, hourly rates will be billed at $300.00	

DISBURSEMENTS

Fax per page......................................$ 1.00
Black White Print/Copy per page..............$ 0.10
Color Print/Copy per page.......................$ 0.35

Interest charged on payment past due 12%
Retainer amount..none

______________________ ______________________

Nossaman Initials **Client's Initials**

ATTACHMENT B –LUMP SUM FEE FOR SPECIFIC SERVICES

Services for the COP Matter: Our services as special counsel and disclosure counsel in connection with the COP Matter through the execution and delivery of certificates of participation, an installment purchase agreement, a trust agreement, preliminary and final official statements, review of a certificate purchase agreement and a continuing disclosure agreement, preparation of resolutions, other financing documents (including a reimbursement or similar agreement between the Client and the CFD), closing documents, and any other necessary documents, preparation of all necessary filings, rendering of a legal opinion, attendance at meetings, if requested, review of related staff reports, legal research, and all other services customarily provided by special counsel and disclosure counsel for such financing.

Fees: Provided that the closing of the COP Matter occurs not later than May 31, 2027, the lump sum fee for our services described above will be $80,000 and may be payable from the proceeds of the financing.

Out of Pocket Expenses: In addition to our fees, we would be reimbursed for our actual out-of-pocket cost and expenses as stated in Section 7 of the Agreement, subject to a cap of $1,500. Expected reimbursable out-of-pocket expenses may include postage, federal express charges, duplication and printing costs, travel expenses, and transcript preparation and distribution.

Proposal to Provide Investment Banking / Underwriting Services

Lakeside Water District

Lakeside Water District

CONTACT:

Mike Cavanaugh, Managing Director
Mike.Cavanaugh@hilltopsecurities.com

777 South Highway 101, Suite 104, Solana Beach, CA 92075

Phone: 760.632.6824

May 22, 2026

Dmitry Semenov
dsemenov@ridgelinemuni.com

Dear Selection Committee:

Hilltop Securities Inc. ("HilltopSecurities" or the "Firm") is pleased to have this opportunity to submit our proposal to the Lakeside Water District (the "District") to provide investment banking / underwriting services for the District's proposed issuance. HilltopSecurities is a full-service financial services firm providing investment banking, investment advisory, securities clearing, securities brokerage, and asset management services. When evaluating our qualifications to act as placement agent and/or underwriter, please consider:

Distribution. HilltopSecurities has a strong California and national market presence with municipal finance as our core business. We have invested and continue to invest significantly in the overall platform to ensure that we meet the diverse, ever-changing and expanding needs of our clients. Our extensive distribution network will provide access to several distinct investor channels, including traditional institutions, middle market institutions, and retail (both SMA and individual). As a firm with both underwriting and advisory practices, HilltopSecurities benefits from exposure to a wide variety of underwritings. Our 175 institutional sales, trading, underwriting and retail sales professionals are focused on municipal bond sales, covering high net worth individuals, bank portfolios, and smaller institutions. In addition, the District will also benefit from our 90 retail advisors (HilltopSecurities Private Client Group) and 150 independent registered representatives (Momentum Network) located throughout the state and the country, respectively. Lastly, the firm provides securities clearing services to over 100 Broker/Dealer & RIA firms ("Correspondent Firms") located in 32 states employing 2,000 Advisors and Traders with approximately over 100,000 brokerage accounts. Rest assured that HilltopSecurities can distribute the bonds to all investors that may have interest in the proposed offering.

Strong In-House California Retail Capability. One attribute that separates us from many of our competitors is our California based retail sales force. Our California retail sales team is made up of over 40 brokers serving 16,465 retail accounts with approximately $6.096 billion in California municipal assets under custody. Unlike other firms, our core business line is tax exempt municipal bonds, and these holdings represent such. HilltopSecurities maintains municipal retail sales offices in Big Bear Lake, Monterey, Roseville, San Diego, San Francisco and Sherman Oaks, and offers strong California retail distribution. **We have clients that live in the District and can provide them with priority during the order period.**

California Municipals	
Accounts	Assets
16,465	$6.096 billion

Commitment to Public Finance in California and specifically Water sector. HilltopSecurities traces its California roots back to 1966 with the opening of our Beverly Hills office. HilltopSecurities has been and remains committed to California. From January 1, 2021, through present, the Firm has participated in 209 transactions for total par of more than $13 billion. This includes 30 water or wastewater financing totaling $407 million. The Firm has been focused on growing our broader investment banking capabilities and added a critical piece in Ted Chapman. Ted, *Managing Director/Investment Analyst*, joined HilltopSecurities in 2021. Prior to HilltopSecurities, Mr. Chapman spent 21 years as a municipal bond credit analyst at S&P Global Ratings, serving as a subject matter expert and credit rating criteria author for municipal water utility revenue bonds and ESG. He served from 2007 as a senior credit officer for credit rating committees within S&P's U.S. Public Finance department. In addition, and with even more relevance to the District, **Ted served on EPA's federal financial advisory board from 2017 thru 2023, and as such is familiar with the people who administer the WIFIA program and their policy and procedures.**

#5
Ranked
National Municipal Investment Bank
On a combined basis by number of negotiated, competitive and privately placed financings as underwriter or municipal advisor from 2021 – 2025

Committed Team. No matter the resources that a firm has, the best way to truly know a financial market, both inside and out, is to be active in that market on a daily basis. When combining municipal advisory, competitive and negotiated underwriting, HilltopSecurities' Public Finance has completed 4,742 transactions for over $256 billion between 2021 and 2025. **HilltopSecurities was in the market with an average of 18 municipal bond issuances each week** during this timeframe. This ranks the firm as the #5 National Municipal Investment Bank, but does not consider the amount of competitive bids which were lost, but provided market feedback. In this way, our activity in the market exceeds our ranking as #5. Our banking experience for California issuers is diverse and deep; and, as discussed herein, our bankers are some of the most experienced in the State. We will provide the District with an experienced team providing the highest level of service. We ensure our availability as well as accessibility and will work as a team with the District, Fieldman, Rolapp & Associates, Bond Counsel and Disclosure Counsel to ensure your financing needs are met.

I will be involved with the transaction from start to finish and will be responsible for all work generated by HilltopSecurities. Our team is made up of the most experienced bankers on the West Coast. HilltopSecurities is well qualified to provide the District with the best quality of senior managing underwriting or placement agent services. However, we are willing to serve any role you deem most beneficial to your financing needs. I commit our experience, personnel, and reputation to meet your needs most effectively.

Sincerely yours,

Mike Cavanaugh
Managing Director

HilltopSecurities
Investment Banking Solutions

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DISCLOSURE: HilltopSecurities Inc. ("HilltopSecurities") is providing the information contained in this document for discussion purposes only in anticipation of serving as underwriter to the Lakeside Water District (the "District"). As an underwriter, HilltopSecurities' primary role is to purchase securities for resale to investors in an arm's length transaction between the District and HilltopSecurities. HilltopSecurities' financial and other interests will differ from those of the District, and therefore, HilltopSecurities will not serve as a municipal advisor, financial advisor, or fiduciary to the District or any other person or entity on such transaction, regardless of whether HilltopSecurities or its representatives or affiliates have advised or are advising any such parties on other matters. The information provided herein is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities and Exchange Act of 1934. The District should consult with its financial, municipal, legal accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate. If the District would like a municipal advisor that has legal fiduciary duties to it, the District should consider engaging a municipal advisor to serve in that capacity. HilltopSecurities will not have any duties or liability to any person or entity in connection with the information being provided herein. The information provided in this document is indicative only and constitutes our judgment as of this date based on current market conditions and other information available to us.

Qualifications

A summary of the firm's California utility revenue financings is shown below. It includes 30 financings (senior managed underwritings and private placements) completed since January 2021, totaling $407 million.

HilltopSecurities California Utility Financings - Past 5 Years						
	Senior Manager		Placement Agent		Total	
	Transactions	Par Value	Transactions	Par Value	Transactions	Par Value
2021	9	157,875,000	9	48,022,423	18	205,897,423
2022	0	-	5	57,326,437	5	57,326,437
2023	3	66,615,000	0	-	3	66,615,000
2024	3	59,445,000	0	-	3	59,445,000
2025	1	18,190,000	0	-	1	18,190,000
Total	**16**	**302,125,000**	**14**	**105,348,860**	**30**	**407,473,860**

HilltopSecurities is not the largest underwriter in California in either volume or number of financings closed but we do believe that on a per-banker basis we compare favorably to our competitors. Historically HilltopSecurities has employed two public finance bankers in our Solana Beach office (Todd and Mike). This is relevant to the evaluation of our deal list. When evaluating it is important to remember that our competitors have as many as 30 Managing Directors in California. The Solana Beach staff is responsible for most of the deal list, has over 50 years of experience and closes over 40 deals each year. ***Your HilltopSecurities team is as productive (or more) than any other firm on a banker-to-deal ratio.***

We have included placements in our list of California lease financing experience because, since 2010, we have made it a regular practice to analyze private placements as an alternative to public offerings. In many cases, where the private placement alternative provides stronger economics to the transaction, our role has been revised from Underwriter to Placement Agent.

Team

HilltopSecurities ensures accessibility of key personnel to the District with regards to the pending bonds and for the duration of the pool. During the engagement, through the utilization of a team approach, HilltopSecurities will provide a higher level of experience, proficiency, and client service. As Lead Banker, **Mr. Mike Cavanaugh**, ***Managing Director***, will provide day-to-day coverage and will ensure work is completed timely and efficiently. Mike will have strategic banking support from **Mr. Todd Smith**, ***Managing Director*** and **Mr. Joshua J. Lentz,** ***Senior Vice President.*** Quantitative analytical support will be provided by **Mr. Nolan Blair**, ***Investment Banker Associate***. Since 2021, Mike has completed 23 utility revenue deals for over $290 million.

In addition, **Mr. William (Bill) Evans**, ***Senior Managing Director and Head of Municipal Underwriting***, will work closely with the banking team to ensure maximum market acceptance for the bonds. Bill will act as Lead Underwriter for this effort and will work closely with **Mr. Kelly Jocoy**, ***Managing Director and Head of California Retail Sales Operations***, who has over 40 years of California municipal bond experience. Our California retail sales department provides issuers with added benefits, derived from our **Secondary Market Operations**. Selecting a firm that is active in the secondary market (like Hilltop) will help the District improve its pricing in both the primary and secondary markets.

We want to highlight our credit analyst, **Ted Chapman**, who was a long-time employee at S&P and who helped design their rating scorecard for water revenue bonds. His experience and knowledge of the S&P process, specifically their scorecard approach will be very valuable to the District.

The table below shows the Core Finance Team at HilltopSecurities for your bonds.

HilltopSecurities Core Financing Team		
Lead Banker/Day-to-Day Project Manager		
Mike Cavanaugh Managing Director 760.632.6824 mike.cavanaugh@hilltopsecurities.com		
Strategic Banking Support		**Quantitative Analysis**
Todd Smith Managing Director 760.632.1347 todd.smith@hilltopsecurities.com	**Joshua J. Lentz** Senior Vice President 602.224.7112 Josh.Lentz@hilltopsecurities.com	**Nolan Blair** Investment Banker Associate 415.263.1152 nolan.blair@hilltopsecurities.com
Trading / Underwriting		**Credit**
William Evans Senior Managing Director 214.859.9421 william.evans@hilltopsecurities.com	**Kelly Jocoy** Managing Director 818.212.2046 kelly.jocoy@hilltopsecurities.com	**Ted Chapman** Managing Director 214.859.1067 ted.chapman@hilltopsecurities.com

Credit

We view the credit as an S&P A+. The only thing keeping them from being higher is that in 2023 and 2024, they had negative net income. We assume they figured they have such amazingly strong cash that there was no need to implement rate adjustments. With a rate covenant of 1.25x, they'll probably need to raise rates so it's possible that gets them to AA-. If you go with S&P (our recommendation), it's likely you could get away with no DSRF and still stay in the 'A' category. Moody's would is likely to reduce a rating if there were no DSRF.

With a rating in the BBB or higher category (very likely), the Bonds will qualify for insurance. If the rating is in the AA- (or higher) category, the District will likely not need insurance, but that is dependent on the current market and cost of insurance.

Fees

HilltopSecurities proposes the following fee structure for a financing producing $2,000,000 of proceeds. These fees are not to exceed amounts and subject to negotiation with the District. HilltopSecurities fee is entirely contingent on the successful completion of a financing. If the issue fails to close, we will not be reimbursed for any expenses.

Estimated Underwriter's Expenses

Lakeside Water District

Revenue Bonds, Series 2026

2,000,000*

Expense Breakdown

	Per Bond		Total
U/W Counsel	2.500		5,000.00
Ipreo (Total)	0.159		318.80
CUSIP Fees (Total)	0.268		536.00
DTC Fee	0.488		975.00
CA CDIAC Fee	0.250		500.00
Disclosure	0.125		250.00
Clearance/Closing	0.050		100.00
Misc	-		-
Total Estimated Underwriting Expenses*	**3.840**	**$**	**7,679.80**
** Preliminary Subject to Change*			
Total Estimated Takedown*	**10.000**	**$**	**20,000.00**
** Preliminary Subject to Change*			
TOTAL UWD*	**13.840**	**$**	**27,679.80**

Lakeside Water District

Fee Proposal

LAKESIDE WATER DISTRICT

May 12, 2026

PIPER | SANDLER

Realize the power of partnership.

3626 Fair Oaks Blvd, Ste. 100
Sacramento, CA 95814
(916) 361-6520
Piper Sandler & Co.
Since 1895. Member SIPC and NYSE.

PIPER | SANDLER

May 12, 2026

Dmitry Semenov
Principal
Ridgeline Municipal Strategies, LLC
2213 Plaza Drive
Rocklin, CA 95765

Mr. Semenov,

On behalf of Piper Sandler & Co. ("Piper Sandler"), we are pleased to submit our fee proposal to the Lakeside Water District (the "District") in connection with the sale of the proposed water revenue Certificates of Participation (the "COPs"). If selected to serve as your underwriter, we pledge all of our professional resources and capabilities to deliver the most efficient and low cost transaction. Thank you for your consideration.

Piper Sandler is a Leading Underwriter of California Bonds – Piper Sandler's California Public Finance Group is committed to our California issuer clients and maintains a strong presence throughout the State with five offices in key regions, as well as a dedicated underwriting and trading desk in San Francisco, where all of our California transactions are priced. Since 2021, Piper Sandler has senior managed 412 long-term negotiated transactions worth $13.2 billion for California issuers making us the Number Two ranked underwriter of municipal bonds in the State (Source: SDC/Thomson Reuters).

Recent Water/Wastewater Experience: Piper Sandler most recently served as sole underwriter on a $33 million water revenue refunding transaction for the City of Indio, which closed in April 2026. We worked closely throughout this process with the client and financing team to efficiently move through the deal process, securing a strong rating for the bonds and effectively marketing the credit to a broad range of investors to achieve an aggressive, oversubscribed pricing in a volatile market. Additionally, Piper Sandler is currently serving as sole underwriter on a wastewater revenue refunding for the City of Tracy, set to price on May 28th. Our firm's frequent interaction with buyers of water/wastewater credits in the current market has given us a unique understanding of investor preferences for these bonds – and will allow Piper to tap into a broad pool of interested investors to deliver a successful, low-cost pricing to the District.

Fee Proposal: Piper Sandler would appreciate the opportunity to serve as underwriter for the District and therefore propose a bond underwriting fee of approximately $15.90 per $1,000 bond. This assumes a bond par amount of $2.5mm, an A category credit rating, reserve fund and 30 year amortization. The following provides detail on the components of the fee proposal.

Underwriter's Discount	$ Amount	$ Per Bond
Average Takedown	$31,250	$12.50
Management Fee	$0	$0.00
Expenses (detailed below)	$8,505	$3.40
Gross Spread	**$39,755**	**$15.90**
Expenses (detailed below)	**$ Amount**	**$ Per Bond**
Underwriter's Counsel	$6,000.00	$2.40
Out of Pocket Expenses	$0.00	$0.00
CDIAC	$625.00	$0.25
IPREO	$307.50	$0.12
DTC	$975.00	$0.39
CUSIP	$363.00	$0.15
Day Loan	$34.72	$0.01
Pershing	$200.00	$0.08
DAC Review (No outstanding debt)	$0.00	$0.00
Total Expenses	**$8,505.22**	**$3.40**

If the District is interested in issuing the proposed bonds as a private placement, we propose a placement agent fee of $25,000.

Thank you for your consideration, if you have any questions regarding this fee quote or need any additional information, please feel free to contact us directly.

Sincerely,

Dennis McGuire
Managing Director
Dennis.McGuire@psc.com

16.1-5 CREDIT QUALITY REQUIREMENTS FOR CFD FINANCING

It is the policy of the District to comply with all provisions of the Act including, but not limited to, Section 53345.8, as such Section may be amended from time to time. It is the goal of the District to conform, as nearly as practicable, to the California Debt and Investment Advisory Commission's Appraisal Standards for Land-Secured Financings, as such standards may be amended from time to time; provided, however, that the board may additionally modify such standards or their application from time to time as it deems necessary and reasonable, in its discretion, to provided needed public improvements within the District, while still accomplishing the goals set forth herein. Unless otherwise specifically approved by the Board as provided in Section 53345.8(b) or (c) of the Act, the CFD property value-to-lien ratio shall be at least 3:1 after calculating the value of the public facilities to be financed and considering any prior or pending special taxes or assessment liens. The District may require a higher value-to-lien ratio in its discretion, in consideration of current market and related conditions.

Property value may be based either on an appraisal or on assessed values as indicated on the County Assessor's tax roll. The District shall select the appraiser, and the appraisal shall be based on standards promulgated by the State of California and otherwise determined by District staff and consultants. The appraisal must be dated within six months of the date indebtedness is incurred by or on behalf of the CFD. The public debt amount shall include the amount of such indebtedness plus any other public indebtedness secured by a lien on real property currently existing against the properties to be taxed.

Less than a three-to-one property value to public lien ratio, excessive tax delinquencies, or projects of poor economic viability may cause the District to disallow the indebtedness or to require credit enhancement of such indebtedness prior to its issuance. The District may consider exceptions to the above policies for (a) indebtedness that does not represent an unusual credit risk, either due to credit enhancement or other reasons specific by the District, and which otherwise provide adequate public benefits, or (b) obligations of the CFD to reimburse the District as set forth in Section 16.1.10.

If the District requires letters of credit or other security, the credit enhancement shall be issued by an institution, in a form and upon terms and conditions satisfactory to the District. Any such security may be discharged by the District upon the opinion of a qualified appraiser, retained by the District, that a value-to-lien ratio of three to one has been attained per land use category, including any overlapping special assessment or special tax liens.

16.1-7 EQUITY OF SPECIAL TAX FORMULAS AND MAXIMUM SPECIAL TAXES

Special tax formulas for CFDs shall provide for minimum special tax levels which satisfy the following: (a) 110 percent debt service coverage for all CFD indebtedness and (b) the reasonable and necessary annual administrative expenses of the CFD. Additionally, the special tax formula may provide for the following: (i) any amounts required to establish or replenish any reserve fund established in connection with CFD indebtedness; (ii) the accumulation of funds reasonably required for future debt service payments; (iii) amounts equal to projected delinquencies of special tax payments; (iv) the costs of remarketing, credit enhancement and liquidity facility fees, if any; (v) the cost of acquisition, construction, furnishing or equipping of public facilities; (vi) lease payments for existing or future public facilities; and (vii) any other costs or payments permitted by law. In structuring the special tax, projected annual interest earnings on any bond reserve funds may not be included as revenue for purposes of any calculation.

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

The maximum annual special tax, together with ad valorem property taxes, special assessments or special taxes for an overlapping financing district, including such potential taxes and assessments relating to authorized but unissued debt of public entities other than the District (collectively, the "Overlapping Debt Burden"), in relation to the expected assessed value of each parcel upon completion of the improvements to the parcel is of great importance to the District in evaluating any proposed financing.

For residential parcels, the Overlapping Debt Burden at the time of issuance of indebtedness shall not exceed 2.0 percent of the projected assessed value of each improved parcel within the CFD. As it pertains to commercial, industrial or other nonresidential parcels within the CFD, the District reserves the right to exceed the 2.0 percent limit if, in the District's sole discretion, it is fiscally prudent. The District, in its discretion, may allow an annual escalation factor on parcels within the CFD.

Special taxes will be levied only on an entire County Assessor's parcel, and any allocation of special tax liability of a County Assessor's parcel to leasehold or possessory interest in the fee ownership of such County Assessor's parcel shall be the responsibility of the fee owner of such parcel (except where the District is the fee owner of the parcel and has leased the parcel pursuant to a lease with a term of at least 5 years, in which case the lessee shall have the responsibility for the special tax liability) and District shall have no responsibility therefor and has no interest therein. Failure to pay or cause to be paid any special taxes in full when due shall subject the entire parcel to foreclosure in accordance with the Act; provided, however, that except as such foreclosure may be required under any financial covenant or other agreement with respect to any bonds or other indebtedness or obligations of the CFD, the District may file or caused to be filed a notice or other instrument which creates a lien on the parcel in the Official Records of the County of San Diego with respect to any non-exempt parcel within a CFD to the effect that such foreclosure may be deferred on the condition that any delinquency in the payment of special taxes levied on such parcel shall be paid in full upon the earlier to occur of (a) any sale or other transfer of such parcel or (b) the connection of District water service to such parcel.

The District shall retain a special tax consultant to prepare a report which: (a) recommends a special tax for the proposed CFD and (b) evaluates the special tax proposed to determine its ability to adequately fund identified public facilities, District administrative Costs, services (if applicable) and other related expenditures. Such analysis shall also address the resulting aggregate tax burden of all proposed special taxes plus existing special taxes, ad valorem taxes and assessments on the properties within the CFD.

16.1-8 APPRAISALS

The definitions, standards and assumptions to be used for appraisals shall be determined by the District on a case-by-case basis, with input from District consultants and by reference to relevant materials and information promulgated by the State of California, including the Appraisal Standards for Land-Secured Financings prepared by the California Debt and Investment Advisory Commission. in any event, the value-to-lien ratio shall be determined based upon an appraisal by an independent Member Appraisal Institute appraiser of the proposed CFD. The appraisal shall be coordinated by and under the direction of the District. All costs associated with the preparation of the appraisal report shall be reimbursed to the District by the CFD.

16.1-9 ABSORPTION STUDY

In the case of any CFD established with respect to a proposed development project, an absorption study may be required. The absorption study shall be used as a basis for verification that sufficient revenues can be produced and to determine if the public financing of the public facilities is appropriate given the timing of the development. Any projected absorption rates shall be provided to the appraiser, if any.

16.1.10 TERMS AND CONDITIONS OF INDEBTEDNESS

The District shall establish the terms and conditions of any indebtedness incurred with respect to the CFD. The District will control, manage and invest all proceeds of such indebtedness. Each borrowing shall be structured to adequately protect the lender and to not negatively impact the bonding capacity, credit rating or financial condition of the District. Relevant provisions may include a combination of credit enhancement, foreclosure covenant, special reserve fund or deposits and/or contractual commitments of property owners to pay the special taxes and assessments. The District shall have the sole discretion to determine any and all such provisions. Neither the faith and credit nor the taxing power of the District shall be pledged to secure or repay any such indebtedness. The sole source of pledged revenues to repay CFD indebtedness shall be special taxes, proceeds of indebtedness and related reserve funds, and the proceeds of foreclosure proceedings and additional security instruments, if any.

The District shall have no obligation to issue or incur indebtedness. The ability to issue or incur indebtedness depends on the particular facts and circumstances of each CFD.

As an alternative method of financing District public improvements with respect to any CFD, the District may cause the CFD to issue or incur other indebtedness in the form of a reimbursement agreement by and between the CFD and the District, whereby the CFD shall reimburse the District for the payments and related costs of the District with respect to any installment purchase obligation issued or incurred by the District the proceeds of which are to be used by the District in whole or in part to finance the costs of CFD-related capital improvements and related costs and expenses in accordance with the Act.

16.1.11 CFD COST DEPOSITS AND REIMBURSEMENTS

In the case of any CFD established pursuant to a petition or application of landowners or land developers, all District and consultant costs incurred in the evaluation of such petitions and applications shall be funded by an advance deposit with the District as, when and in the amount determined by the District. The District shall have no obligation to incur non-reimbursable expenses for processing and administering CFDs. The District may require that expenses not chargeable to the CFD be borne directly by the applicant, if any. The initial deposit in the amount determined by the District to fund initial staff and consultant costs associated with CFD review and implementation shall accompany each petition or application for formation of a CFD. If additional funds are needed to offset costs and expenses incurred by the District, the District shall make written demand upon the petitioners or applicant for such funds. If any such demand shall not be satisfied, the District may suspend all proceedings until receipt of such funds. The District shall not accrue or pay any interest on any portion of any deposit refunded to any petitioner or applicant or any costs and expenses reimbursed to any petitioner or applicant. Neither the District nor the CFD shall be required to reimburse any property owner or applicant from any funds other than the proceeds of indebtedness issued or incurred by or with respect to the CFD.

16.1-12 CONTINUING DISCLOSURE

In the case of any indebtedness issued subject to the requirements of continuing disclosure under Rule 15c2-12 promulgated by the Securities and Exchange Commission, any landowner owning land in a CFD which is responsible for 20 percent or more in aggregate of the special taxes and assessments must agree to provide such disclosure until the aggregate special tax of such landowner is less than 20 percent. The District may establish a threshold higher or lower than 20 percent of the aggregate special taxes, depending on the facts and circumstances of the financing.

16.1-13 CONSULTANTS

The District shall select all consultants necessary for the establishment of the CFD and any related indebtedness, including the underwriter(s), bond counsel, financial advisor, appraiser, absorption consultant and special tax consultant. Prior consent of any petitioner or applicant shall not be required in the determination by the District of the consulting and financing team.

16.1-14 PROCESS

The District shall work with petitioners and applicants in the preliminary stages of deciding whether to establish a CFD and throughout the process of formation. The District shall be responsible for cost estimates for infrastructure improvements and maintenance costs. The District shall be responsible for the review and acceptance of infrastructure improvements and administration of maintenance programs as may be applicable to the CFD.

16.1-15 EXCEPTIONS TO THESE POLICIES

The District may find, in limited and exceptional instances, that a waiver or modification of any of the above-stated policies is reasonable given identified special benefits to the District to be derived from such waiver or modification. Any such waiver or modification shall be made only by action of the Board.

16.1-16 MODIFICATION OF THESE POLICIES

The Board reserves the right to modify or amend these policies from time to time.

RESOLUTION NO. 26-06

RESOLUTION OF THE BOARD OF DIRECTORS OF
LAKESIDE WATER DISTRICT
DECLARING THE OFFICIAL INTENT OF LAKESIDE WATER DISTRICT
TO REIMBURSE ITSELF FROM THE PROCEEDS OF DEBT
FOR CAPITAL EXPENDITURES, CERTAIN PRELIMINARY
EXPENDITURES AND COSTS OF ISSUANCE TEMPORARILY
FUNDED FROM DISTRICT REVENUES OR OTHER SOURCES

WHEREAS, Lakeside Water District, an irrigation district duly formed under the laws of the State of California (the "District") desires to finance the costs of (a) the design, engineering, construction, equipping, installation and completion of certain additions to and improvements of the District's water facilities (the "Facilities") in connection with the Yerba Valley Annexation Area and (b) certain transaction costs associated with the financing of said additions and improvements (collectively, the "Project") with the proceeds of debt; and

WHEREAS, the District presently intends to finance all or a portion of the costs of the Project with proceeds of tax-exempt bonds and reasonably expects to cause tax-exempt bonds or other evidence of indebtedness as tax-exempt obligations (the "Obligations") to be issued by the District as an installment purchase agreement (the "Installment Purchase Agreement") with the CSDA Finance Corporation, a nonprofit public benefit corporation (the "Corporation"), under which the District would transfer the Facilities to the Corporation and thereupon purchase the Facilities from the Corporation by making installment payments (the "Installment Payments") comprised of components of principal and tax-exempt interest; and

WHEREAS, prior to the issuance, execution and delivery of the Obligations the District desires to incur certain capital expenditures (the "Expenditures") with respect to the Project from available funds of the District; and

WHEREAS, this Board has determined that those moneys advanced to pay the Expenditures prior to the issuance, execution and delivery of the Obligations are available only for a temporary period, and it is necessary to reimburse the District for the Expenditures from the proceeds of the Obligations.

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT AS FOLLOWS:

Section 1. The District hereby declares its official intent to advance its own funds to pay certain of the Expenditures relating to the Project.

Section 2. The District reasonably expects to reimburse itself for the Expenditures of the Project paid prior to the issuance, execution and delivery of the Obligations with the proceeds of one or more series of certificates of participation (the "Certificates of Participation") evidencing fractional undivided interests in the Installment Payments.

Section 3. The reasonably expected maximum principal amount of the Obligations for the Project is $2,500,000.

Section 4. This declaration of official intent is made pursuant to Section 1.150-2 of the Treasury Regulations and any other regulations of the Internal Revenue Service relating to the qualification for reimbursement of Expenditures of the District incurred prior to the date of issue of the Obligations, to declare the official intent of the District to reimburse itself from the proceeds of the Obligations evidenced by the Certificates of Participation for certain Expenditures paid by the District in connection with the Project on or after the date which is sixty (60) days prior to the date of adoption of this Resolution.

Section 5. The funds heretofore advanced or hereafter to be advanced by the District to pay the Expenditures are or will be available only on a temporary basis and do not consist of funds that were otherwise earmarked or intended to be used by the District to permanently finance the Expenditures.

Section 6. All Expenditures to be reimbursed to the District were paid no more than sixty (60) days prior to, or will be paid on or after, the date of this declaration of official intent, except with respect to certain amounts incurred before such 60-day period not exceeding 20% of the issue price of the Obligations which are expended for "preliminary expenditures" within the meaning of Section 1.150-2 of the Treasury Regulations (the "Preliminary Expenditures") or which qualify as "de minimus" expenditures within the meaning of Section 1.150-2 of the Treasury Regulations ("De Minimus Expenditures") in an amount not in excess of $100,000. The District understands that, except for the Preliminary Expenditures and De Minimus Expenditures, the District must make any reimbursement allocation not later than eighteen (18) months after the later of (a) the date the Expenditures were paid and (b) the date the Project is placed in service or abandoned, but in no event more than three (3) years after the Expenditures were paid.

Section 7. This Resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of Lakeside Water District at a regular meeting thereof held June 18, 2026, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Eileen Neumeister, President
Board of Directors

Brett Sanders, Secretary
Lakeside Water District