

Staff Report

for the Regular Meeting of the Board of Directors, March 23, 2016

TO: Board of Directors
FROM: Marvin Davis, Finance Manager
DATE: March 23, 2016
SUBJECT: 2016A Revenue Bonds Series Issuance

FINANCE

RECOMMENDATION:

Approve NID Resolution No. 2016-09 (Authorizing the Execution and Delivery of an Installment Purchase Agreement) and NID Joint Powers Authority Resolution No. 2016.01 (Authorizing the Issuance of Revenue Bonds), and authorize the General Manager to execute the appropriate documents necessary for 2016A Revenue Bond Series Issuance.

BACKGROUND:

The Project

Two elements of the Bond funding need are Combie and Centennial Projects. Approximately, 8 years ago, the District began planning for the replacement of Combie Phase I main arterial project, which is under various failure modes. Given our best estimates, staff believes construction will commence around mid-year 2017 and last through 2020.

The Centennial Project, a strategic, storage reservoir, dates back at least 90 years. The Project is in its' early stages and requires the necessary studies and documents to bring the Project forward.

The third element of the project is to fund a portion of the costs to implement a land mitigation program.

The estimated cost of the project is as follows:

- 1) \$20 Million Cost Estimate: Construction of the Combie Phase I Canal and Bear River Siphon Replacement Project upon satisfactory completion of necessary environmental review

- 2) \$3.2 Million Cost Estimate: Environmental review, engineering, design, and feasibility analysis of the Centennial Reservoir Project
- 3) \$1.3 Million Cost Estimate: The acquisition of land and interests in land to provide environmental mitigation for District projects

See Page 4 of Attachment A (Preliminary Official Statement) for additional information.

2016A Revenue Bonds

The bond certificates are in denominations of \$5,000 with the earliest possible call date of March 1, 2026. The bonds amortize by repayment of principal or par value of \$20,475,000 from March 1, 2017 to March 1, 2031, along with cumulative interest payments of \$9,990,630. Please see attachment M page 4 for additional details.

Similar to other outstanding bonds, prepayment is through a refunding or advanced refunding approach. The result of this method will save on existing interest expense.

See Page 5 of Attachment A (Preliminary Official Statement) for additional information.

Water Rate Covenant

As part of this issuance, the District must maintain net revenues at least equal to 125% of total debt service requirements when measured at the beginning of a respective fiscal year. Historical and current projection of this metric reveals a healthy debt service ratio of more than 215%. As District water revenues continue to fluctuate, future rate development will require close monitoring and evaluation.

See Page 2 of Attachment A (Preliminary Official Statement) for additional information.

Cost of Issuance

Based on current market conditions, the District will borrow \$24,868,062 and repay \$30,465,630 over a 15-year period at an effective borrowing rate [or true interest cost (TIC)] of 2.56%, detailed on page 2 of attachment M.

The TIC is the actual cost of issuing a bond, taking into account the present value (time value) of money. It is the rate of interest, compounded semiannually that discounts future payments of principal and interest equal to the original purchase price. Due to the Board's rate setting practices and cash reserve policies, we anticipate that Standard & Poor's analysis will confirm AA+ rating for the new bonds.

The amortization schedule for the bonds, located on page 4 of Attachment M, forecast annual debt service requirements. Annual debt service structuring will

allow a more level repayment of the entire District debt. In addition, the analysis on page 5 forecast District-wide debt service requirements. The following section, Debt Ratio Projection, integrates these costs into the overall revenue and cost structure to arrive at the debt ratio metric.

See Attachment M (Cost of Issuance) for additional information.

Debt Ratio Projection

The District's current financial plan estimates that there is sufficient cash available to increase leverage or debt service and perform the identified capital improvements. Staff, advisers, and Standard & Poor's are confident that the assumptions presented contain realistic revenue and expense assumptions. Given these assumptions, the District should accumulate \$20.5 Million through fiscal years 2016 through 2019. This 5-year spending plan projects debt service coverage will remain at a minimum of 216%. Consequently, the District will be able to cover its' debt service at least 2.16 times without requiring reserve contributions while spending \$20.5 Million on capital improvements.

See Attachment N Debt Service Coverage for additional information.

Staff received continuing disclosure requirement training to ensure full compliance with all Federal Securities Laws.

BUDGETARY IMPACT:

This is a current 2016 budgeted capital expenditure and is consistent with the District's 5-Year Capital Improvement Plan.

Attachments:

- A. Preliminary Official Statement
- B. Installment Purchase Agreement
- C. Indenture of Trust
- D. Appendix C to the Preliminary Official Statement
- E. Continuing Disclosure Agreement
- F. District Disclosure Policies and Procedures
- G. Authority Disclosure Policies and Procedures
- H. Notice of Intention to Sell Bonds
- I. Official Notice of Sale
- J. Bond Counsel Engagement Letter
- K. Resolution No 2016-09 of Nevada Irrigation District
- L. Resolution No 2016.01 of the Nevada Irrigation District JPA
- M. Cost of Issuance
- N. Debt Service Coverage
- O. Primary Parties to the Transaction & Financing Schedule

PRELIMINARY OFFICIAL STATEMENT DATED MARCH __, 2016

NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: See the caption “RATINGS”

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, 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 (and original discount) on the 2016A Bonds 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 and corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the 2016A Bonds is exempt from State of California personal income tax.

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**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
(Nevada and Placer Counties, California)
REVENUE BONDS, SERIES 2016A**

Dated: Date of Delivery

Due: March 1, as shown on inside cover

The Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A are being issued by the Authority pursuant to an Indenture of Trust, dated as March 1, 2016, by and between the Authority and U.S. Bank National Association, as trustee, and will be payable from the sources described herein. The 2016A Bonds are being issued: (i) to provide funds to finance the acquisition of certain capital improvements to the Water System of the Nevada Irrigation District, a member of the Authority; and (ii) to pay the costs of issuing the 2016A Bonds.

Interest due on the 2016A Bonds is payable semiannually on March 1 and September 1 of each year, commencing September 1, 2016. The 2016A Bonds are being issued in fully registered book-entry form and initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. Purchasers will not receive certificates representing their interest in the 2016A Bonds. Individual purchases will be in principal amounts of \$5,000 and integral multiples thereof. Payments of principal of and interest on the 2016A Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the 2016A Bonds.

The 2016A Bonds are subject to optional, mandatory sinking fund and extraordinary redemption prior to maturity as described in this Official Statement.

The 2016A Bonds are limited obligations of the Authority. The 2016A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2016A Installment Payments received by the Authority from the District pursuant to an Installment Purchase Agreement, dated as of March 1, 2016, by and between the District and the Authority. The obligation of the District to make the Series 2016A Installment Payments is a special obligation of the District payable solely from Net Revenues of the District’s Water System and certain hydroelectric facilities on a parity with the obligation of the District to make installment payments outstanding in the aggregate principal amount of \$23,255,000 pursuant to the 2011 Installment Purchase Agreement and the scheduled payments under a loan contract with the State of California Department of Public Health.

The District has covenanted not to incur additional obligations payable from Net Revenues senior to the Series 2016A Installment Payments. The District may incur additional obligations payable from Net Revenues on a parity with the Series 2016A Installment Payments, subject to the terms and conditions of the Installment Purchase Agreement.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2016A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2016A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OF CALIFORNIA OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY WITHIN THE MEANING OF ANY STATE OF CALIFORNIA CONSTITUTIONAL OR STATUTORY PROVISION.

MATURITY SCHEDULE
(See inside front cover)

THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2016A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE GENERAL FUND AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

This cover page contains certain information for quick reference only. It is not a complete summary of the terms of the 2016A Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2016A Bonds were awarded on March __, 2016, as set forth in the Official Notice of Sale dated March __, 2016. The 2016A Bonds will be offered when, as and if delivered and received by the Underwriter, subject to approval as to legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Authority and the District by Minasian, Meith, Soares, Sexton & Cooper, LLP, Oroville, California, their General Counsel, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel and for the Trustee by its counsel. The 2016A Bonds will be available for delivery through the facilities of The Depository Trust Company on or about April __, 2016.

* Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold, nor may offers to buy them be accepted, prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Dated: March __, 2016

\$ _____^{*}
NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

MATURITY SCHEDULE
BASE CUSIP[†] 641322

<u>Maturity</u> <u>(March 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIP[†]</u>
	\$	%	%	%	

\$ _____ % Term 2016A Bonds Due March 1, 20__ – Yield __%, Price __%, CUSIP[†]

^{*} Preliminary, subject to change.

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Capital IQ. Copyright© 2016. All rights reserved. CUSIP® data herein is provided by CGS. This data is not intended to create a database and does not serve in any way as a substitute for CGS. CUSIP® numbers are provided for convenience of reference only. None of the Authority, the District or the Underwriter takes any responsibility for the accuracy of such numbers.

NO DEALER, BROKER, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION IN CONNECTION WITH THE OFFER OR SALE OF THE 2016A BONDS, OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND, IF GIVEN OR MADE, ANY SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DISTRICT OR THE UNDERWRITER. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER OF ANY SECURITIES OTHER THAN THOSE DESCRIBED ON THE COVER PAGE OR AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BY ANY SALE OF THE 2016A BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL TO MAKE SUCH OFFER, SOLICITATION OR SALE. THE OFFICIAL STATEMENT IS NOT TO BE CONSTRUED AS A CONTRACT WITH THE PURCHASERS OF THE 2016A BONDS.

The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness. The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of this information.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

This Official Statement contains forward-looking statements, including: (a) statements containing projections of Net Revenues, expenditures and other financial items; (b) statements of the plans and objectives of the District for future operations of the Water System; (c) statements of future economic performance of the Water System; and (d) statements of the assumptions underlying or relating to statements described in (a), (b) and (c) above (collectively, "Forward-Looking Statements"). All statements other than statements of historical facts included in this Official Statement regarding the District's financial position, business strategy, capital resources and plans and objectives for future operations of the Water System, are Forward-Looking Statements. Although such expectations reflected in such Forward-Looking Statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Statements of important factors (collectively, the "Cautionary Statements") that could cause actual results to differ materially from expectations of the District are disclosed in this Official Statement. All subsequent written and oral Forward-Looking Statements attributable to the District or person acting on behalf of the District are expressly qualified in their entirety by the Cautionary Statements.

This Official Statement is submitted in connection with the sale of the 2016A Bonds and may not be reproduced or be used, as a whole or in part, for any other purpose.

In connection with the offering of the 2016A Bonds, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the 2016A Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2016A Bonds to certain dealers and dealer banks and banks acting as agent and others at prices lower than the public offering prices stated on the cover page of this Official Statement, and the Underwriter may change those public offering prices from time to time.

THE 2016A BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), IN RELIANCE UPON AN EXEMPTION CONTAINED IN THE ACT. THE 2016A BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

The District maintains a website. However, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2016A Bonds.

BOARD OF DIRECTORS OF THE DISTRICT AND THE AUTHORITY

Nancy Weber, President
Nick Wilcox, Vice President
John H. Drew, Director
W. Scott Miller, Director
William Moreback, Director

DISTRICT OFFICERS

Remleh Scherzinger, General Manager
Lisa Francis Tassone, Board Secretary
Marvin V. Davis, Finance Manager

GENERAL COUNSEL TO THE DISTRICT AND THE AUTHORITY

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Oroville, California

BOND AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Sacramento, California

FINANCIAL ADVISOR

Fieldman, Rolapp & Associates
Irvine, California

TRUSTEE

U.S. Bank National Association
San Francisco, California

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**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A**

INTRODUCTION

General

This Official Statement provides information concerning the issuance of the Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A (the “2016A Bonds”) pursuant to an Indenture of Trust, dated as of March 1, 2016 (the “Indenture”), by and between the Nevada Irrigation District Joint Powers Authority (the “Authority”) and U.S. Bank National Association, as trustee (the “Trustee”). See the caption “THE 2016A BONDS.”

Purposes of the 2016A Bonds

The 2016A Bonds are being issued: (i) to provide funds to finance the acquisition of certain capital improvements to the Water System of the Nevada Irrigation District (the “District”), a member of the Authority, as described under the caption “THE PROJECT;” and (ii) to pay the costs of issuing the 2016A Bonds. See the caption “ESTIMATED SOURCES AND USES OF FUNDS.”

Authority for Issuance

The 2016A Bonds are being issued under the Indenture, the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “State”).

Sources of Payment for the 2016A Bonds

The 2016A Bonds are limited obligations of the Authority. The 2016A Bonds are payable solely from Authority Revenues and certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments (the “Series 2016A Installment Payments”) received from the District pursuant to an Installment Purchase Agreement, dated as of March 1, 2016 (the “Installment Purchase Agreement”), by and between the District and the Authority. See the caption “SECURITY FOR THE 2016A BONDS.”

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY PUBLIC AGENCY THEREOF OR ANY MEMBER OF THE AUTHORITY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF, OR INTEREST ON, THE 2016A BONDS. THE AUTHORITY HAS NO TAXING POWERS. THE 2016A BONDS DO NOT CONSTITUTE A DEBT, LIABILITY OR OBLIGATION OF THE STATE OR ANY PUBLIC AGENCY THEREOF (OTHER THAN THE AUTHORITY) OR ANY MEMBER OF THE AUTHORITY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

Sources of Payment for the Series 2016A Installment Payments

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Series 2016A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. The obligation of the District to make the Series 2016A Installment Payments is a

* Preliminary, subject to change.

special obligation of the District payable solely from the General Fund and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System, including certain hydroelectric facilities, will be received by the District in trust thereunder and will be deposited when and as received in the General Fund, which fund the District has agreed and covenanted to maintain so long as any Series 2016A Installment Payments remain unpaid.

All amounts on deposit in the General Fund have been irrevocably pledged to the payment of the Series 2016A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the General Fund for the payment of the Series 2016A Installment Payments and all other parity Contracts, Obligations and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The District will, from the moneys in the General Fund, pay all Maintenance and Operation Costs (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required. All remaining moneys in the General Fund (the “Net Revenues”) will be set aside by the District as set forth in the Installment Purchase Agreement to pay the Series 2016A Installment Payments and other parity Contracts and Bonds. See the caption “SECURITY FOR THE 2016A BONDS.”

The obligation of the District to make the Series 2016A Installment Payments from Net Revenues is payable on a parity with the obligation of the District: (i) to make approximately \$23,255,000 outstanding aggregate principal amount of payments (the “Series 2011 Installment Payments”) from Net Revenues under that certain Installment Purchase Agreement, dated as of November 1, 2011 (the “2011 Installment Purchase Agreement”), by and between the District and the Authority; and (ii) a portion of the scheduled payments under a loan contract with the State of California Department of Public Health (collectively, the “Parity Contracts”). See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the captions “Outstanding Indebtedness” and “Projected Operating Results and Debt Service Coverage.”

Rate Covenant

To the fullest extent permitted by law, the District will fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year (as such terms are defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”). Failure to produce Net Revenues to equal one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the District complies with the covenant described above. Such failure may, however, affect the ability of the District to issue Bonds or incur Contracts payable from Net Revenues on a parity with the Series 2016A Installment Payments. See the caption “SECURITY FOR THE 2016A BONDS—Rate Covenant Securing the Series 2016A Installment Payments.”

No Reserve Fund

No reserve fund has been established in connection with the issuance of the 2016A Bonds.

Additional Parity Obligations

The District has covenanted not to incur additional obligations payable from Net Revenues senior to the Series 2016A Installment Payments. The District may incur additional obligations on a parity with the Series 2016A Installment Payments, subject to the terms and conditions described under the caption “SECURITY FOR THE 2016A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations.”

Nevada Irrigation District

The District, an irrigation district established in 1921, encompasses approximately 287,000 acres situated primarily in Nevada and Placer counties. While the District was originally formed to provide irrigation water to landowners, the District currently derives approximately 63% of its water sales revenues from the sale of treated water to residential, commercial, industrial and other customers.

The District also owns and operates seven hydroelectric power plants, the output of which is currently sold to PG&E under certain contractual arrangements, and which provide approximately 82,056 kilowatts of rated capacity. The District’s hydroelectric facilities include the Yuba-Bear River Project (which includes the Rollins Project and the Bowman Project), the Combie Project and the Scotts Flat Project. Revenues from the District’s hydroelectric facilities are pledged to payment of the Series 2016A Installment Payments. For a description of the District’s hydroelectric facilities, see the caption “— Hydroelectric System Revenues” in Appendix A —“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT.”

The District serves residents and landowners primarily in portions of Nevada and Placer counties, which are located in the foothills of the Sierra Nevada Mountains. District headquarters are in Grass Valley, California, which is approximately 60 miles northeast of Sacramento, California and approximately 150 miles northeast of San Francisco, California. The District also serves residents of a small portion of Yuba County. The District provides treated water for residential, municipal and industrial purposes to approximately 19,077 connections and agricultural irrigation water to approximately 5,490 connections. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT.”

The Authority

The Authority is a joint exercise of powers agency organized under the provisions of State law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State (the “Act”) and a Joint Exercise of Powers Agreement, dated as of November 1, 2011 (the “Joint Powers Agreement”), by and between the District and the California Municipal Finance Authority (“CMFA”), to provide for the financing and refinancing of capital improvement projects of the District by exercising the powers referred to in the Joint Powers Agreement, and any other transaction authorized by law. Under the Act and the Joint Powers Agreement, the Authority has the power to issue bonds to pay the costs of public capital improvements. See the caption “THE AUTHORITY.” The Board of Directors of the Authority consists of the members of the Board of Directors of the District (the “Board”).

Professionals Involved in the Offering

U.S. Bank National Association will act as Trustee with respect to the 2016A Bonds. The 2016A Bonds are offered when, as and if issued, subject to approval as to their legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, Bond Counsel, and certain other conditions. Certain legal matters will be passed on for the Authority and the District by Minasian, Meith, Soares, Sexton & Cooper, LLP, Oroville, California, their General Counsel, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel, and for the Trustee by its counsel. Fieldman, Rolapp & Associates, Irvine, California is acting as financial advisor to the District.

Other Information About this Official Statement

There follows in this Official Statement (and attached appendices) a brief description of the 2016A Bonds, the security for the 2016A Bonds, the District, the Authority and certain other information relevant to the issuance of the 2016A Bonds. The descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document.

All capitalized terms used herein and not normally capitalized have the meanings assigned to them in the Indenture and the Installment Purchase Agreement, the summaries of which are included in Appendix B, unless otherwise stated in this Official Statement.

The Appendices are integral parts of this Official Statement and must be read together with all other parts of this Official Statement.

THE PROJECT

The District expects to apply a portion of the proceeds of the 2016A Bonds proceeds to finance the acquisition of the Combie Phase 1 Canal and Bear River Siphon Replacement Project. The Combie Phase 1 Canal and Bear River Siphon Replacement Project involves the replacement of the existing concrete canal with the installation of a single pipeline within the existing Combie Phase 1 Canal in Nevada County and the replacement of the Bear River Siphon, an aerial siphon spanning the Bear River. Work will include demolition of the existing canal and siphon structures. The new pipeline will consist of the installation of 9,100 linear feet of welded steel pipe and appurtenances installed on grade along the existing canal alignment. The new aerial siphon will include approximately 900 feet of new welded steel pipeline, new towers, and appurtenances for the portion that spans the Bear River.

The District is undergoing environmental review necessary for construction of the Combie Phase 1 Canal and Bear River Siphon Replacement Project. The construction of the Combie Phase 1 Canal and Bear River Siphon Replacement Project will commence upon satisfactory completion of necessary environmental reviews and Board Approval. If approved, construction is expected to commence in 2017 and is expected to be completed no later than 2020.

In addition to the near term projects described above, the District is also currently undertaking preliminary engineering and environmental studies related to a proposed water supply project in Nevada and Placer counties commonly referred to as the Centennial Reservoir (the “Centennial Reservoir”). These efforts are in preparation to analyze the proposed Centennial Reservoir project in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). Completion of CEQA and NEPA review for the Centennial Reservoir project is currently expected in 2017. The District cannot predict what action, if any, the Board will take with respect to the Centennial Reservoir project upon completion of such CEQA and NEPA review. Challenges to such CEQA review or other legal actions could significantly extend the period of review.

The cost of CEQA and NEPA review of the Centennial Reservoir project and related permitting and design and engineering will be financed from a portion of the proceeds of the 2016A Bonds, with the remaining costs expected to be funded from District reserves.

No costs of land acquisition or construction of Centennial Reservoir project, if incurred, are expected to be paid from the proceeds of the 2016A Bonds. The projected operating results set forth under the caption “— Projected Operating Results and Debt Service Coverage” in Appendix A hereto do not include any costs related to the Centennial Reservoir project.

The District also plans to apply a portion of the proceeds of the 2016A Bonds to acquire certain land and interests in land for mitigation of various District projects.

ESTIMATED SOURCES AND USES OF FUNDS

The following is an estimate⁽¹⁾ of the sources and uses of 2016A Bond proceeds.

Sources

Principal Amount of 2016A Bonds	\$
Plus/Less Net Original Issue Premium/Discount	_____
TOTAL	\$ _____

Uses

Deposit to Acquisition Fund	\$
Underwriter’s Discount	
Deposit to Costs of Issuance Fund ⁽²⁾	_____
TOTAL	\$ _____

⁽¹⁾ Amounts rounded to the nearest dollar.

⁽²⁾ Includes fees for Trustee and Financial Advisor, legal fees, printing costs, rating agency fees and other costs of delivery.

THE 2016A BONDS

Terms of the 2016A Bonds

The 2016A Bonds will be issued in the aggregate principal amount of \$_____ and will be dated as of the date of issuance. Interest on the 2016A Bonds is payable by check or draft of the Trustee mailed by first class mail on March 1 and September 1 of each year, commencing September 1, 2016 (each an “Interest Payment Date”). Interest on the 2016A Bonds is payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of \$1,000,000 or more in principal amount, such payment may, at such Owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any 2016A Bond will be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2016A Bonds will be payable in lawful money of the United States of America.

Interest on the 2016A Bonds will accrue at the rates per annum and will mature on the dates set forth on the inside front cover page of this Official Statement. Interest on the 2016A Bonds will be computed based on a year consisting of 360 days and twelve 30-day months. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

Principal of the 2016A Bonds is payable in lawful money of the United States of America at the Office of the Trustee in San Francisco, California.

Redemption of 2016A Bonds

Optional Redemption. The 2016A Bonds with stated maturities on or after March 1, 20__ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written request provided to the Trustee and by lot within each maturity in integral multiples

of \$5,000, on or after March 1, 20___, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

Extraordinary Redemption from Insurance or Eminent Domain Proceeds. The 2016A Bonds are subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a written request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2016A Installment Payments made by the District from Net Proceeds of insurance or eminent domain, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

Mandatory Sinking Fund Redemption. The 2016A Bonds with stated maturities on March 1, 20___ are subject to mandatory sinking fund redemption in part (by lot) on each March 1 on and after March 1, 20___, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(March 1)</i>	<i>Principal</i> <i>Amount</i>
	\$

*

* Final Maturity.

Notice of Redemption

Notice of redemption will be mailed by first class mail not less than 30 days before any Redemption Date, to the respective Owners of any 2016A Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided that such notice may be cancelled by the Authority upon written request delivered to the Trustee not less than 5 days prior to such Redemption Date. Each notice of redemption will state the date of notice, the redemption date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2016A Bonds of any such maturity are to be redeemed, the serial numbers of the 2016A Bonds of such maturity to be redeemed by giving the individual number of each 2016A Bond or by stating that all 2016A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2016A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice will also state that on the redemption date there will become due and payable on each of said 2016A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2016A Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon will cease to accrue, and will require that such 2016A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2016A Bond. Notice of redemption of 2016A Bonds will be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of 2016A Bonds, such notice will state that such redemption is conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2016A Bonds to be redeemed and that, if such moneys have not been so received, said notice will be of no force and effect and the Trustee will not be required to redeem such 2016A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption will not be made, and the Trustee will within a

reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Selection of 2016A Bonds for Redemption

Whenever provision is made in the Indenture for the redemption of less than all of the 2016A Bonds, the Trustee will select the 2016A Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with the Indenture. The Trustee will promptly notify the Authority in writing of the numbers of the 2016A Bonds or portions thereof so selected for redemption.

Partial Redemption of Bonds

Upon surrender of any 2016A Bond redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2016A Bond or 2016A Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2016A Bonds surrendered and of the same series, interest rate and maturity.

Effect of Redemption of Bonds

Notice of redemption having been duly given as set forth in the Indenture, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2016A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2016A Bonds (or portions thereof) so called for redemption will become due and payable, interest on the 2016A Bonds so called for redemption will cease to accrue, said 2016A Bonds (or portions thereof) will cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2016A Bonds will have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee will, upon surrender for payment of any of the 2016A Bonds to be redeemed on their Redemption Dates, pay such 2016A Bonds at the Redemption Price.

All 2016A Bonds redeemed pursuant to the provisions of the Indenture will be canceled upon surrender thereof.

Book-Entry Only System

One fully-registered 2016A Bond for each maturity will be issued in the principal amount of such 2016A Bond. Such 2016A Bonds will be registered in the name of Cede & Co. and will be deposited with DTC.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, the 2016A Bonds will be printed and delivered and will be governed by the provisions of the Indenture with respect to payment of principal and interest and rights of exchange and transfer.

The District cannot and does not give any assurances that DTC participants or others will distribute payments with respect to the 2016A Bonds received by DTC or its nominee as the registered Owner, or any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will service and act in the manner described in this Official Statement. See Appendix D hereto for additional information concerning DTC.

Transfers and Exchanges Upon Termination of Book-Entry Only System

Any 2016A Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2016A Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee is not required to register the transfer of any 2016A Bond during the period in which the Trustee is selecting 2016A Bonds for redemption and any 2016A Bond that has been selected for redemption.

Whenever any 2016A Bond or 2016A Bonds is surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new 2016A Bond or 2016A Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee will require the 2016A Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2016A Bonds, the Trustee will cancel and destroy the 2016A Bonds it has received.

2016A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee is not required to exchange any 2016A Bond during the period in which the Trustee is selecting 2016A Bonds for redemption and any 2016A Bond that has been selected for redemption. The Trustee will require the 2016A Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2016A Bonds, the Trustee will cancel and destroy the 2016A Bonds it has received.

Debt Service Schedule

Set forth below is a table of the annual Series 2016A Installment Payments and parity obligations.

**NEVADA IRRIGATION DISTRICT
Installment Payment Schedule**

<i>Period Ending (December 31)</i>	<i>Series 2016A Installment Payments</i>			<i>Parity Contracts⁽¹⁾</i>	<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>		
2016	\$	\$	\$	\$	\$
2017					
2018					
2019					
2020					
2021					
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
TOTAL	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

⁽¹⁾ Reflects scheduled Series 2011 Installment Payments and scheduled payments under a loan contract with the State of California Department of Public Health. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the captions “Outstanding Indebtedness” and “Projected Operating Results and Debt Service Coverage.” Source: District.

SECURITY FOR THE 2016A BONDS

General

Pursuant to the Indenture, the Authority, for good and valuable consideration, has unconditionally and irrevocably assigned and pledged to the Trustee without recourse all of its rights to receive the Authority Revenues and to enforce the Installment Purchase Agreement upon an event of default thereunder for the benefit of the Owners of the 2016A Bonds, for the purpose of securing: (a) the payment of the principal of and the interest and premium on the 2016A Bonds under the terms of the Indenture; and (b) all of the rights, title, and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the 2016A Bonds, subject to the terms of the Indenture, and excepting therefrom any rights to indemnification or to receive notices thereunder.

The 2016A Bonds are limited obligations of the Authority. The 2016A Bonds are payable solely from Authority Revenues and from certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of Series 2016A Installment Payments received from the District pursuant to the Installment Purchase Agreement. See the caption “—Revenue Pledge Securing the Series 2016A Installment Payments.”

The 2016A Bonds do not constitute a charge against the general credit of the Authority. The 2016A Bonds are not secured by a legal or equitable pledge of, or charge or lien upon, any property of the Authority or any of its income or receipts except payments under the Installment Purchase Agreement and other moneys pledged by the Authority under the Indenture. Neither the faith and credit nor the taxing power of the State or any public agency thereof or any member of the Authority is pledged to the payment of the principal amount or redemption price of, or interest on, the 2016A Bonds. The Authority has no taxing power. The 2016A Bonds do not constitute a debt, liability or obligation of the State or any public agency thereof (other than the Authority) or any member of the Authority within the meaning of any State constitutional or statutory provision.

Revenue Pledge Securing the Series 2016A Installment Payments

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Series 2016A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. THE OBLIGATION OF THE DISTRICT TO MAKE THE SERIES 2016A INSTALLMENT PAYMENTS IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM THE GENERAL FUND AND OTHER FUNDS DESCRIBED IN THE INSTALLMENT PURCHASE AGREEMENT, AND DOES NOT CONSTITUTE A DEBT OF THE DISTRICT OR OF THE STATE OF CALIFORNIA OR OF ANY POLITICAL SUBDIVISION THEREOF IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System, including certain hydroelectric facilities, will be received by the District in trust thereunder and will be deposited when and as received in the General Fund, which fund the District has agreed and covenanted to maintain so long as any Series 2016A Installment Payments remain unpaid.

All amounts on deposit in the General Fund have been irrevocably pledged to the payment of the Series 2016A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the General Fund for the payment of the Series 2016A Installment Payments and all other parity Contracts, Obligations and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The District will, from the moneys in the General Fund, pay all Maintenance and Operation Costs (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required. The Net Revenues will be set aside by the District as set forth in the Installment Purchase Agreement to pay the Series 2016A Installment Payments and parity Contracts, Obligations and Bonds. See the caption “SECURITY FOR THE 2016A BONDS.”

The obligation of the District to make the Series 2016A Installment Payments from Net Revenues is payable on a parity with the obligation of the District: (i) to make approximately \$23,255,000 outstanding

aggregate principal amount of Series 2011 Installment Payments from Net Revenues under the 2011 Installment Purchase Agreement; and (ii) the scheduled payments under a loan contract with the State of California Department of Public Health. See Appendix A—“INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT” under the captions “Outstanding Indebtedness” and “Projected Operating Results and Debt Service Coverage.”

District Revenues. The term “Revenues” means: (1) all Water System Revenues (as such term is defined below under the caption “—Water System Revenues”); (2) all hydroelectric revenues received by the District from the Scotts Flat Project, Combie Project, and the Yuba-Bear River Project (which includes the Bowman Project and the Rollins Project); (3) any amounts received as the District’s share of Nevada County’s and Placer County’s levy of property tax on property within the District; (4) the net proceeds of a governmental taking of the Scotts Flat Project, Bowman Project, Combie Project, Rollins Project and the Yuba-Bear River Project; (5) all assessments received by the District from Edgewood Road Improvement District, Improvement District No. 18; and (6) any and all other amounts not restricted by statute or otherwise pledged to pay bonds, contracts or obligations issued or executed by the District with respect to Separate Facilities (as such term is defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”) and to which no moneys described in clauses (1) to (5) hereof are pledged to the payment thereof.

Water System Revenues. The term “Water System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System (including the hydroelectric system of the District), calculated in accordance with generally accepted accounting principals applicable to governmental entities, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges (including standby charges), insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System; (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys (including, without limitation, investment earnings on the Operating Reserves) to the extent that the use of such earnings and income is limited to the Water System by or pursuant to law; and (3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Water System or other property of the District (excluding the proceeds of leases of property used in the generation of electric power), but excluding in all cases customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District.

Rate Covenant Securing the Series 2016A Installment Payments

To the fullest extent permitted by law, the District will fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year (as such terms are defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”). The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the foregoing requirements.

Failure to produce Net Revenues to equal one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the District complies with the covenant described above. Such failure may, however, affect the ability of the District to issue Bonds or incur Contracts payable from Net Revenues on a parity with the Series 2016A Installment Payments.

Limitations on District Parity and Superior Obligations; District Subordinate Obligations

Additional Obligations Superior to Series 2016A Installment Payments. The District has covenanted in the Installment Purchase Agreement that it will not, so long as any Series 2016A Installment Payments are outstanding, issue or incur any obligations payable from the Revenues superior to the Series 2016A Installment Payments.

Additional Contracts and Bonds on a Parity with Series 2016A Installment Payments. The District may at any time execute any Contract or issue any Bonds (as such terms are defined in the Installment Purchase Agreement), as the case may be, in accordance with the Installment Purchase Agreement; provided that:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District (the "Board") of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, produces a sum equal to at least 125% of the Debt Service due in such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, including adjustments to give effect to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the District, produces a sum equal to at least (a) 125% of the Debt Service due in such Fiscal Year plus (b) the Debt Service which would have been payable had such Contract been executed or Bond been issued at the beginning of such Fiscal Year, plus (c) the Debt Service which would have been payable on any other Contract or Bond executed and delivered or issued after such Fiscal Year; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation (as defined in the Installment Purchase Agreement) of any uncompleted Project, as evidenced by a certificate on file with the District, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate on file with the District, produces a sum equal to at least 125% of the estimated Debt Service for each of such Fiscal Years; after giving effect, in either case, to the execution of all Contracts and the issuance of all Bonds (as such term is defined in the Installment Purchase Agreement) estimated to be required to be executed or issued to pay the costs of completing all uncompleted projects, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contracts or Bonds last executed or then being executed or issued.

Subordinate Obligations. The District may at any time issue evidence of indebtedness or incur other obligations for any lawful purpose that are payable from and secured by a lien on Revenues or moneys in the General Fund as may from time to time be deposited therein subordinate to the Series 2016A Installment Payments.

No Reserve Fund

No reserve fund has been established in connection with the issuance of the 2016A Bonds.

THE DISTRICT

Appendix A hereto presents information relating to the District, the Water System, Revenues and Net Revenues.

THE AUTHORITY

The Authority is a joint exercise of powers agency organized under the provisions of the Act and the Joint Powers Agreement to provide for the financing and refinancing of capital improvement projects of the District by exercising the powers referred to in the Joint Powers Agreement, and any other transaction authorized by law. The Authority was created in November 2011. Under the Act and the Joint Powers Agreement, the Authority has the power to issue bonds to pay the costs associated with public capital improvements. The Board of Directors of the Authority consists of the members of the Board of Directors of the District.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the 2016A Bonds is subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Sacramento, California, acting as Bond Counsel. The form of such legal opinion is attached hereto as Appendix C and such legal opinion will be attached to each 2016A Bond.

Certain legal matters will be passed on for the Authority and the District by Minasian, Meith, Soares, Sexton & Cooper, LLP, Oroville, California, by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Disclosure Counsel and for the Trustee by its counsel. Payment of the fees of Bond Counsel and Disclosure Counsel are contingent upon issuance of the 2016A Bonds.

LITIGATION

The Authority

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the Authority, threatened against the Authority affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2016A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the Authority contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Authority or its authority with respect to the 2016A Bonds or any action of the Authority contemplated by any of said documents.

The District

See Appendix A—"INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT" under the caption "Litigation" for information with respect to litigation affecting the District.

TAX MATTERS

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 2016A Bonds 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 and corporations. In the further opinion of Bond Counsel, interest on the 2016A Bonds is exempt

from State personal income tax. Bond Counsel notes that, with respect to corporations, interest on the 2016A Bonds may be included as an adjustment in the calculation of alternative minimum taxable income.

The difference between the issue price of a 2016A Bond (the first price at which a substantial amount of the 2016A Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such 2016A Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a 2016A Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the 2016A Bond Owner will increase the 2016A Bond Owner's basis in the 2016A Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of the 2016A Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the 2016A Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the 2016A Bonds to assure that interest (and original issue discount) on the 2016A Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the 2016A Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the 2016A Bonds. The District has covenanted to comply with all such requirements.

The amount by which a 2016A Bond Owner's original basis for determining loss on sale or exchange in the applicable 2016A Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the 2016A Bond Owner's basis in the applicable 2016A Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a 2016A Bond Owner realizing a taxable gain when a 2016A Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the 2016A Bond to the Owner. Purchasers of the 2016A Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax exempt bond issues, including both random and targeted audits. It is possible that the 2016A Bonds will be selected for audit by the IRS. It is also possible that the market value of the 2016A Bonds might be affected as a result of such an audit of the 2016A Bonds (or by an audit of similar municipal obligations). 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 2016A Bonds to the extent that it adversely affects the exclusion from gross income of interest on the 2016A Bonds or their market value.

It is possible that subsequent to the issuance of the 2016A Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the 2016A Bonds or the market value of the 2016A Bonds. No assurance can be given that subsequent to the issuance of the 2016A Bonds such changes or interpretations will not occur.

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 Indenture, the Installment Purchase Agreement and the Tax Certificate relating to the 2016A Bonds 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 (and original issue discount) on the 2016A Bonds for federal income tax purposes with respect to any 2016A Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the 2016A Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the 2016A Bonds and the accrual or receipt of interest (and original issue discount) on the 2016A Bonds 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 2016A Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the 2016A Bonds.

A copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix C.

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Certificate dated the date of issuance of the 2016A Bonds (the "Continuing Disclosure Certificate") to provide annually certain financial information and operating data relating to the Water System of the District by not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2016), including the audited financial statements of the District for each such Fiscal Year (together, the "Annual Report"), and to provide notices of the occurrence of certain enumerated events.

The Annual Report will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/> ("EMMA"). The notices of material events will be timely filed by the District with EMMA. The form of the Continuing Disclosure Certificate is attached hereto at Appendix E.

Over the past five years, the District has been subject to obligations under various continuing disclosure certificates, including but not limited to the District's Revenue Certificates of Participation (Refunding Project), Series 2002, Revenue Certificates of Participation (Refunding Project), Series 2005 and the Authority's Revenue Bonds, Series 2011A (collectively, the "Prior Continuing Disclosure Undertakings"). Pursuant to the Prior Continuing Disclosure Undertakings, the District agreed to file its audited financial reports, certain operating data with respect to the Water System and its hydroelectric facilities, as well as notices of certain enumerated events, if material.

[The District believes that it is in compliance in all material respects with the Prior Continuing Disclosure Undertakings.]

In order to ensure compliance by the District with its continuing disclosure undertakings in the future, the Board approved disclosure procedures on March 23, 2016 (the "Disclosure Procedures"). Pursuant to the Disclosure Procedures, the District's Finance Manager is required to take steps to ensure that continuing disclosure filings are prepared and filed in a timely manner. A copy of the Disclosure Procedures has been provided to the Underwriter and is available from the District's Finance Manager at 1036 West Main Street, Grass Valley, California Telephone: (530) 273-6185.

[TO BE UPDATED]

RATINGS

The District expects that Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") will assign the 2016A Bonds the rating of "___" and that Fitch Ratings, Inc. ("Fitch") will assign the 2016A Bonds the rating of "___". There is no assurance that any credit rating given

to the 2016A Bonds will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by S&P or Fitch if, in their judgment, circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the 2016A Bonds. Such ratings reflect only the views of S&P and Fitch, as the case may be, and an explanation of the significance of such ratings may be obtained from S&P and Fitch, as the case may be.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies.

The District has covenanted in the Continuing Disclosure Certificate to file on EMMA, notices of any ratings changes on the 2016A Bonds. See the caption "CONTINUING DISCLOSURE" above and Appendix E. Notwithstanding such covenant, information relating to ratings changes on the 2016A Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the 2016A Bonds are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the 2016A Bonds after the initial issuance of the 2016A Bonds.

UNDERWRITING

The 2016A Bonds were purchased at a competitive sale on March __, 2016 by _____, as underwriter (the "Underwriter"), for an aggregate purchase price of \$_____ (representing the aggregate principal amount of the 2016A Bonds, plus/less a net original issue premium/discount of \$_____ and less an Underwriter's discount of \$_____). The Official Notice of Sale provides that the Underwriter will purchase all of the 2016A Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions in the Official Notice of Sale, the approval of certain legal matters by counsel and certain other conditions.

The initial public offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2016A Bonds to certain dealers (including dealers depositing the 2016A Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

FINANCIAL ADVISOR

The District has retained Fieldman, Rolapp & Associates, Irvine, California, as financial advisor (the "Financial Advisor") in connection with the issuance of the 2016A Bonds. The Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The fees being paid to the Financial Advisor are contingent upon the issuance of the 2016A Bonds.

The Financial Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal or other public securities.

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of such statements made will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the 2016A Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

NEVADA IRRIGATION DISTRICT JOINT
POWERS AUTHORITY

By: _____
President

APPENDIX A

INFORMATION RELATING TO NEVADA IRRIGATION DISTRICT

CERTAIN STATEMENTS CONTAINED IN THIS APPENDIX REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS APPENDIX.

General

The District was formed in 1921 under the Irrigation District Law, Division 11 of the State Water Code (the “Law”) for the purpose of collecting, storing and delivering irrigation water to farmers and ranchers within the District. The District’s northerly boundary follows the South Fork of the Yuba river, the District’s easterly boundary runs through Scotts Flat, Rollins and Combie Reservoirs and the Auburn area in Placer County, the District’s southerly boundary runs between the Auburn and Lincoln areas in Placer County and the westerly boundary runs north out of the Lincoln area in Placer County; and then follows the Nevada-Yuba county line. The District is currently headquartered in Grass Valley, California, which is approximately 60 miles northeast of Sacramento, California, and approximately 150 miles northeast of San Francisco, California.

Water supplied by the District originates in the snowpack at the upper reaches of the Middle and South Yuba River and in the natural flows of the Bear River, Deer Creek and several tributary systems. The District’s rights to such water are varied, consisting of a combination of pre- and post-1914 State water rights. While originally created to provide raw water for irrigation purposes, the District has expanded its operations to include treatment and delivery of water for residential, municipal and industrial purposes and the generation of hydroelectricity. The District has the option to purchase additional water from the Pacific Gas & Electric Company (“PG&E”), subject to availability, under certain arrangements with PG&E.

The District currently encompasses approximately 287,000 acres and provides raw and treated water to approximately 25,000 customers in Nevada and Placer Counties (the “Counties”) and a small portion of Yuba County. The District’s Water System includes 10 storage reservoirs containing a capacity of approximately 280,380 acre-feet and approximately 475 miles of canal. Treated water facilities include seven treatment plants, 43 storage tanks and reservoirs and approximately 400 miles of pipeline.

The District also owns and operates seven hydroelectric power plants, the output of which is currently sold to PG&E under various contractual arrangements, and which provide approximately 82,056 kilowatts of rated capacity. See the caption “Hydroelectric System Revenues” and the Official Statement under the caption “SECURITY FOR THE 2016A BONDS—Revenue Pledge Securing the Series 2016A Installment Payments.” Recreation facilities, operated by the District, are also provided at five of the District’s reservoirs.

Governance and Management

The District is governed by a five-member Board who are elected by qualified voters in the District to four-year terms. The current directors are set forth below:

**NEVADA IRRIGATION DISTRICT
Board of Directors**

<i>Name</i>	<i>Expiration of Term</i>	<i>Occupation</i>
Nancy Weber, President	2018	Retired Special Education Teacher
Nick Wilcox, Vice-President	2016	Retired Environmental Scientist
John H. Drew, Director	2018	Agriculturalist
W. Scott Miller, Director	2016	Physician
William Morebeck, Director	2016	Agriculturalist, Retired Operations Director

The current officers of the District, with brief resumes of each, are set forth below:

Day to day management of the District is delegated to the General Manager, Remleh Scherzinger. Mr. Scherzinger was appointed General Manager in January 2013. Prior to joining the District, Mr. Scherzinger was the utilities engineering manager of the City of Petaluma. Mr. Scherzinger previously worked for the Sonoma County Water Agency and the Metropolitan Water District of Southern California. Mr. Scherzinger is a licensed civil engineer and holds a Master of Business Administration degree.

Lisa Francis Tassone is the Secretary to the Board of Directors and the General Manager. She has served in this capacity since February 2004. She holds a Bachelor of Arts Degree in Management.

Marvin V. Davis, Finance Manager and Treasurer, has been with the District since September 2015. Mr. Davis is a certified public accountant and licensed real estate broker. Prior to joining the District, Mr. Davis was an accounting manager for the City of Lincoln and as controller for the Amador Water Agency. Mr. Davis also previously worked as a financial analyst for the City of Folsom as well as administrative analyst for the City of Sacramento, Department of Utilities. Mr. Davis holds a Bachelor's Degree and a Master's Degree in finance.

Powers

Under the Law, the District has broad general powers over the distribution of water within its boundaries, including the right of eminent domain, authority to acquire, control, distribute, store, treat, purify, reclaim, process and salvage any water for beneficial use, to sell treated or untreated water, to contract with the United States, other political subdivisions, public utilities, or other persons, and, subject to Article XIII A of the State Constitution, to levy taxes on lands for certain purposes, to levy benefit and special assessments, capacity fees and, subject to Article XIII C and Article XIII D of the State Constitution, to fix rates and charges for raw and treated water and to fix and collect standby charges.

Employees and Employee Benefits

Employees. The District employs approximately 198 persons, of whom approximately 166 work in the water utility division, 23 work in the hydroelectric division and nine work in the recreation division. As of January 1, 2016, approximately 63 employees are represented by the American Federation of State, County and Municipal Employees ("AFSCME"). The Memoranda of Understanding between the District and AFSCME is scheduled to expire on June 30, 2017. The District expects to begin the process of negotiating a new Memoranda of Understanding with AFSCME in the fall of 2016 and expects to enter into such new Memoranda of Understanding on or before June, 2017. The District has never experienced a strike or other labor action.

Pension Benefits. The District provides retirement benefits for its employees through a contractual agreement with the California Public Employees' Retirement System ("PERS"). The District uses a 2.5% at 55 retirement formula for employees hired prior to May 1, 2010, a 2.0% at 55 retirement formula for employees hired after May 1, 2010 and prior to January 1, 2013 and a 2.0% at 62 retirement formula for New

Members (as defined below). The contribution rate for each participant is 8%, 7% or 6.75% of the participant’s covered salary, depending on the retirement formula, which employees make on their own behalf. Additionally, the District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for PERS’ fiscal years ending June 30, 2014 and June 30, 2015 is 26.499% and 27.907%, respectively. The contribution requirements of the plan members are established by State statute, and the employer contribution rate is established and may be amended by PERS.

For Fiscal Year 2014, the District’s annual pension cost was \$2,676,564, which was equal to the District’s required and actual contributions. Based on unaudited actual results, the District’s Fiscal Year 2015 annual pension cost was \$3,075,314, which was equal to the District’s required and actual contributions. The required contribution for Fiscal Year 2014 was determined as part of the June 30, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (i) a 7.50% investment rate of return (net of administrative expense); (ii) projected annual salary increases that vary by age, duration of service and type of employment; and (iii) cost of living adjustments of between 3.55% to 14.45% per year, depending on age. Both assumptions (i) and (ii) included an inflation component of 2.75% and a payroll growth rate of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investment over a thirty-year period (smoothed market value). Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 30-year period.

The required employer contribution rate of 26.499% and 27.907% for PERS’ fiscal years ending June 30, 2014 and June 30, 2015, respectively, is equal to the annual pension cost (“APC”) percentage of payroll. Gains and losses that occur in the operation of the PERS retirement plans are amortized over a rolling 30-year period. If the plan’s accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. The following is the most recent available three-year APC information for the plan.

**NEVADA IRRIGATION DISTRICT
Annual Pension Cost**

<i>Fiscal Year</i>	<i>APC</i>	<i>Percentage of APC Contributed</i>	<i>Net Pension Obligation</i>
2012	\$2,038,901	100%	-
2013	2,227,319	100	-
2014	2,676,564	100	-
2015 ⁽¹⁾	2,799,366	100	-

⁽¹⁾ Reflects unaudited actual amount.

The schedule below shows the history of the PERS retirement plan actuarial value of assets, actuarial accrued liability, and the relationship of the unfunded actuarial accrued liability (“UAAL”) to payroll as of June 30, 2014:

**NEVADA IRRIGATION DISTRICT
Unfunded Actuarial Accrued Liability**

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets [A]</i>	<i>Entry Age Normal Accrued Liability [B]</i>	<i>Unfunded Liability (Excess Assets) [A-B]</i>	<i>Funded Status [B/A]</i>	<i>Annual Covered Payroll [C]</i>	<i>UAAL/(Excess Assets) as a % of Payroll [(A-B)/C]</i>
June 30, 2011	\$73,151,810	\$94,462,942	\$21,311,132	77.44%	\$10,238,213	207.24%
June 30, 2012	75,004,541	98,365,938	23,361,397	76.25	9,667,622	241.64
June 30, 2013	68,418,010	102,575,329	34,157,319	66.70	10,084,783	338.70
June 30, 2014	77,516,591	112,319,622	34,803,031	69.00	10,215,613	340.68

Contributions for participants hired on or after January 1, 2013 who were not already enrolled in PERS through their previous employers are governed by Assembly Bill 340 (“AB 340”), which is described below.

On September 12, 2012, the State Governor signed AB 340, which implements pension reform in the State. Effective January 1, 2013, AB 340, among other things: (i) requires public retirement systems and their participating employers to share equally with employees the normal cost rate for such retirement systems; (ii) prohibits employers from paying any portion of the required member contributions to such retirement systems for employees hired after January 1, 2013 who are new PERS members (those who were not already enrolled in a public retirement system through their previous employers or who moved between employers or public retirement systems with a 6 month break in service) (“New Members”); (iii) establishes a compulsory maximum non safety benefit formula of 2.5% at age 67; and (iv) defines final compensation as the highest average annual pensionable compensation earned during a 36 month period.

PERS reported significant investment losses in 2009 and investment gains for Fiscal Years 2010, 2011, 2012, 2013 and 2014 in excess of 13.0%, 21.7%, 1.0%, 12.5% and 18.4%, respectively. Future earnings performance may increase or decrease future contribution rates for plan participants, including the District. The District does not expect any future APC increases to have a material adverse effect on the District’s obligation to make the Series 2016A Installment Payments.

Further information with respect to the District’s pension plan and PERS is set forth in Note 6 to the District’s audited financial statements for Fiscal Year 2014, attached hereto as Exhibit A-1.

Other Post-Employment Benefits. District employees and certain surviving spouses or dependents are eligible for certain post-retirement health benefits if the employees meet certain service year requirements and retire upon separation from the District. Benefits provisions are established and may be amended by District labor agreements, which are approved by the Board. Future contributions of plan members, if any, and the District will be established and amended as needed by the Board. The required contributions will be based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Board. In Fiscal Year 2014, the District contributed \$2,973,000 to its post-retirement health care plan (representing approximately 133.20% of the ARC, as defined below), including \$1,017,537 for current premiums and \$1,955,463 to prefund benefits. Based on unaudited actual results, in Fiscal Year 2015, the District contributed \$2,096,499 to its post-retirement health care plan, including \$1,096,499 for current premiums and \$1,000,000 to prefund benefits.

Governmental Accounting Standards Board Statement No. 45 (“GASB 45”) requires governmental agencies, such as the District, to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions. The District retained Bartel Associates, LLC (the “Actuarial Consultant”) to calculate the District post-employment benefits funding status. In a report dated February 25, 2014, the most recent actuarial valuation date being June 30, 2013, the Actuarial Consultant estimated the District’s unfunded actuarial accrued liability for post-employment

benefits was \$15,733,000. The Actuarial Consultant also concluded that the District's adjusted annual required contribution (the actuarial value of benefits earned during Fiscal Year 2015 plus costs to amortize the unfunded actuarial accrued liability, or "ARC") is \$2,245,000 of which \$1,295,000 is the expected benefit payment amount made directly on behalf of plan beneficiaries. The Actuarial Consultant's assumptions included a discount rate of 7.25% and an amortization of post-employment benefits over 18 years from December 31, 2010.

Based on unaudited actual results, in Fiscal Year 2015, the District contributed \$2,096,499, which is approximately 93.38% of the ARC. While requiring the District to disclose the unfunded actuarial accrued liability and the ARC in its financial statements, GASB 45 does not require the District to amortize the ARC.

For Fiscal Year 2016, the District has budgeted \$2,235,126 with respect to post-employment benefits, which is equal to the ARC less the \$1,185,126 for current premiums made directly on behalf of plan beneficiaries. As the District is funding the entire ARC, the District does not believe it is obligated to maintain specific reserve funds for this expenditure. The District currently does not expect that any increased funding of post-employment benefits in the future will have a material adverse effect on the ability of the District to make Series 2016A Installment Payments.

Further information with respect to the District's post-employment benefit plans is set forth in Note 7 to the District's audited financial statements for Fiscal Year 2014, attached hereto as Exhibit A-1.

Land and Land Use Within the District

The District encompasses an area of approximately 287,000 acres, which include about 30,000 acres of urban or suburban lands with the remainder in rural or agricultural use. Urban areas in the District include Lake Wildwood, Penn Valley, Rough and Ready, Cedar Ridge, Grass Valley-Nevada City environs, Alta Sierra and Lake of the Pines all of which are located in Nevada County as well as North Auburn in Placer County. The District does not include, nor does the District serve a substantial portion of residents of, the cities of Nevada City or Grass Valley. The District does sell untreated water to the City of Grass Valley and the City of Nevada City. See the caption "Largest Customers." All other areas of the District are rural or agricultural in use. Lands are hilly in nature, ranging from 4,000 foot in elevation in the northeast portion of the District to 100 foot in elevation in the southwest portion.

The area has hot, dry summers and cool, moist winters. Average precipitation in the District's mountain division watershed is 68 inches a year and the frost-free growing season is generally 180 days, with 10 days between killing frosts. Major crops in the District are irrigated pastures and hay on 18,000 acres, deciduous fruits and nuts on 1,460 acres and parks and family gardens on approximately 5,220 acres. Of the approximately 97,000 irrigable acres within the District, approximately 26,000 receive irrigation water. Although substantial development has occurred within the District, the District does not currently foresee increased development resulting in major changes in agricultural water use during the term of the 2016A Bonds.

Recreation and Leases

Recreation facilities, including camping, fishing, swimming and boating, are offered at District reservoirs. The High Sierra campgrounds include Jackson Meadows, Bowman, and Faucherie. Near Grass Valley and Nevada City, Scotts Flat and Rollins Reservoirs also offer accommodations to outdoor enthusiasts. Fee schedules are set according to District policy. Facilities at Scotts Flat and Rollins include mini-markets, restaurants, boat launching and service, camping, and picnicking.

All of the District's recreation facilities were constructed with State of California Davis-Grunsky funds designed to provide full utilization of the District's many resources. See the caption "Outstanding Indebtedness—Not Payable from Revenues."

Largest Employers

The following is a list of the ten largest employers located in the Counties as of June 30, 2014.

NEVADA AND PLACER COUNTIES, UNINCORPORATED AREAS Largest Employers

<i>10 Largest Employers</i>	<i>Number of Employees</i>
Kaiser Permanente Roseville	3,680
Hewlett-Packard	3,200
Placer County	3,000
Sutter Health Roseville, Auburn	2,299
Thunder Valley Casino Resort	2,000
Union Pacific Railroad Roseville	2,000
Northstar California	1,950
City of Roseville	1,132
Pride Industries Roseville	1,101
Raley,s Inc	969

Source: The District.

Nevada County has an unemployment rate as of November, 2015 of 5.2% as reported by State of California Employment Development Department.

Population

The District serves a significant portion of the population of the unincorporated area of Nevada County, including the heavily populated areas adjacent to Nevada City and Grass Valley, as well as a portion of the unincorporated area of Placer County. Nevada County experienced steady population growth between 1970 and 2000 and slight decline between 2005 and 2015. Placer County has experienced population growth since 1970, however, the rate of such growth has decreased since 2005. The following table presents the approximate population growth in the unincorporated area of Nevada County and Placer County and the percentage increase since 1970.

**NEVADA IRRIGATION DISTRICT
Population Growth**

<i>Year</i>	<i>Nevada County (Unincorporated)</i>	<i>Increase/ (Decrease)</i>	<i>Percent of Increase/ (Decrease)</i>	<i>Placer County (Unincorporated)</i>	<i>Increase/ (Decrease)</i>	<i>Percent of Increase/ (Decrease)</i>
1970	18,883	N/A	N/A	44,828	N/A	N/A
1980	41,469	22,586	119.6%	72,903	28,075	62.6%
1990	70,536	29,067	70.1	86,500	13,597	18.7
2000	78,238 ⁽¹⁾	7,702	10.9	100,701	14,201	16.4
2005	83,947 ⁽¹⁾	5,709	7.3	103,528	2,827	2.8
2010	83,107 ⁽¹⁾	(840)	(1.0)	108,128	4,600	4.4
2015	82,074	(1,033)	(1.2)	112,548	4,420	4.1

⁽¹⁾ Includes the City of Truckee, which was incorporated in 1993. The City of Truckee is not served by the District.
Sources: United States Census for 1960, 1970, 1980, 1990, 2000. State Department of Finance for 2005, 2010 and 2015.

Outstanding Indebtedness

Payable From Revenues. The District currently has outstanding the 2011 Installment Purchase Agreement. The Series 2011 Installment Payments have been assigned by the Authority to U.S. Bank National Association (the “2011 Trustee”), under the Indenture of Trust, dated as of November 1, 2011, by and between the Authority and the 2011 Trustee, to be applied by the 2011 Trustee to pay a portion of the principal and interest with respect to the 2011A Bonds. The 2011A Bonds were outstanding as of January 1, 2016 in the aggregate principal amount of \$23,255,000. The Series 2011 Installment Payments are secured by the Revenues on a parity with the Series 2016A Installment Payments. The Series 2011 Installment Payments are payable from Revenues (as defined in the Installment Purchase Agreement), less operation and maintenance costs of the District, which, for the Series 2011 Installment Payments, do not include payments with respect to Obligations (as defined in the Installment Purchase Agreement).

In October 2009, the District entered into a loan agreement with the California Department of Public Health (the “CDPH Loan”) in the approximate principal amount of \$10.8 million to finance certain capital improvements to the Water System. The District has pledged assessments levied by Community Facilities District #2007-01 to the repayment of the CDPH Loan, although the District expects to pay approximately 50% of the amounts due under the CDPH Loan from Net Revenues, or approximately \$320,000 per year. The District’s payment of amounts due under the CDPH Loan from Net Revenues is shown on a parity with the obligation of the District to pay the Series 2016A Installment Payments, although the District believes that such payments are subordinate to the obligation of the District to pay the Series 2016A Installment Payments under the terms of the CDPH Loan. See the caption “Projected Operating Results and Debt Service Coverage.”

Not Payable From Revenues. As of January 1, 2016, the District, on behalf of certain improvement districts and assessment districts within its boundaries, also had outstanding approximately \$7,777,006 aggregate principal amount of loans primarily from CDPH. These loans are generally payable from benefit assessments or special taxes on land within such improvement districts. These loans were approved by the voters of the respective improvement districts. These loans are not secured by the Revenues or payable from the Net Revenues (as such terms are defined in the Installment Purchase Agreement).

Assessed Valuation; Tax Rate; Tax Levy; Delinquencies

California counties are entitled to assess and impose *ad valorem* taxes using full cash value as defined by Article XIII A of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Future assessed valuation growth allowed under Article XIII A (new construction, certain changes of ownership, two percent inflation) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and schools will share the growth of “base” revenues from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation in the following year. The availability of revenue from growth in the tax bases in such entities may be affected by the establishment of redevelopment agencies which, under certain circumstances, may be entitled to revenues resulting from the increase in certain property values.

State law exempts \$7,000 of the assessed valuation of an owner-occupied dwelling but this exemption does not result in any loss of revenue to local agencies since an amount equivalent to the taxes which would have been payable on such exempt values is made up by the State.

The passage of Assembly Bill 454 in 1987 changed the manner in which unitary and operating nonunitary property is assessed by the State Board of Equalization. The legislation deleted the formula for the allocation of assessed value attributed to such property and imposed a State-mandated local program by requiring the assignment of the assessed value of all unitary and operating nonunitary property in each county of each State assessee other than a regulated railway company. The legislation established formulas for the computation of applicable countywide tax rates for such property and for the allocation of property tax revenues attributable to such property among taxing jurisdictions in any county beginning in State fiscal year 1988-89. This legislation requires each county to issue each State assessee, other than a regulated railway company, a single tax bill for all unitary and operating nonunitary property.

Teeter Plan. The Board of Supervisors of each County, in fiscal year 1993-94, adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the “Teeter Plan”), as provided for in Section 4701 *et seq.* of the State Revenue and Taxation Code, “to accomplish a simplification of the tax-levying and tax apportioning process and an increased flexibility in the use of available cash resources.” This alternative method is used for distribution of the *ad valorem* property tax revenues. Pursuant to the Teeter Plan, each entity levying property taxes and certain other assessments in the Counties, including the District, may draw on the amount of uncollected taxes and assessments credited to its fund, in the same manner as if the amount credited had been collected. Under the Teeter Plan, local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by a county.

The Teeter Plan is to remain in effect unless the Board of Supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year of the Counties (which commence on July 1), the Board of Supervisors of a County receives a petition for its discontinuance joined in by resolutions adopted by two-thirds of the participating revenue districts in such County, in which event the Board of Supervisors is to order discontinuance of the Teeter Plan effective upon the commencement of the subsequent fiscal year.

The Board of Supervisors of either Nevada or Placer County may, by resolution adopted not later than July 15 of the fiscal year for which it is to apply, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency or assessment levying agency in the Counties if the rate of secure tax delinquency in that agency in any year exceeds 3% of the total of all taxes and assessments levied on the secured rolls for that agency.

In the event that the Teeter Plan is terminated by either County, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes and delinquency rates experienced with respect to the parcels within the District only.

So long as the Teeter Plan remains in effect, the District’s receipt of revenues with respect to the levy of assessments will not be dependent upon actual collections of the *ad valorem* property taxes by the Counties. However, under the statute creating the Teeter Plan, the Board of Supervisors of either County could, under certain circumstances, terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors could

terminate the Teeter Plan as to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%.

District Share of County 1% Property Tax

General. The District receives a portion of the 1% *ad valorem* property tax levied by the Counties (the “District Share of County 1% Property Tax”) and allocated to the District on the basis of a formula established by Article XIII A. Property taxes on the secured roll are due in two installments, on November 1 and February 1 of the County fiscal year. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll, with respect to which taxes are delinquent, is sold to the State on or about March 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County Tax Collector.

From time to time legislation has been considered as part of the State budget to shift the 1% *ad valorem* property tax revenues from special districts to school districts or other governmental entities. The State fiscal year 2004-05 budget reallocated additional portions of the special districts’ shares of the countywide 1% *ad valorem* property tax, shifting a portion of the 1% *ad valorem* property tax revenues collected by each County from special districts to school districts. As a result of the State fiscal year 2004-05 budget, the District lost approximately \$6,483,696 of the District Share of County 1% Property Tax, cumulatively, over Fiscal Years 2005 and 2006. Pursuant to the State fiscal year 2004-05 budget, such property tax revenues reverted to the District in Fiscal Year 2007.

On November 2, 2004, California voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State’s authority over major local government revenue sources. Under Proposition 1A, the State may not, among other things: (i) shift property taxes from local governments to schools or community colleges; or (ii) change how 1% *ad valorem* property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature. Beginning in State fiscal year 2009-10, the State may shift to schools and community colleges a limited amount of local government property tax revenues if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State; and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Given the magnitude of the State’s projected budgetary deficit, it is possible that the Governor may proclaim that a shift of additional local property tax revenue, including tax revenue of the District, is needed due to severe financial hardship.

On July 28, 2009, the Governor of the State signed a revised State fiscal year 2009-10 budget which included a shift (the “ERAF Shift”) of approximately 8% of the 1% *ad valorem* property tax revenues (other than unitary taxes) from certain local agencies, including the District, to school districts and other governmental agencies. Pursuant to Proposition 1A, the State repaid the portion of the 1% *ad valorem* property taxes that was subject to such ERAF Shift, totaling \$868,830, to the District in Fiscal Years 2012 and 2013, plus interest at the rate of 2% per annum, all in accordance with Proposition 1A.

On November 2, 2010, California voters approved Proposition 22, which amended the State Constitution to forbid the temporary shifting of property taxes from local governments to schools that Proposition 1A previously allowed, subject to the restrictions described above.

Notwithstanding Proposition 22, there can be no assurance that the District Share of County 1% Property Tax that the District currently expects to receive will not be reduced pursuant to State legislation

enacted in the future. If the property tax formula is permanently changed in the future, it could have a material adverse effect on the receipt of the District Share of County 1% Property Tax by the District. See the Official Statement under the caption “SECURITY FOR THE 2016A BONDS—Revenue Pledge Securing the Series 2016A Installment Payments” for a discussion of the extent to which the District Share of County 1% Property Tax is available to make Series 2016A Installment Payments.

Assessed Valuations and Tax Collections. The following table summarizes the District Share of County 1% Property Tax during the five most recently audited Fiscal Years.

NEVADA IRRIGATION DISTRICT
District Share of County 1% Property Tax⁽¹⁾

<i>Fiscal Year</i>	<i>District Share of County 1% Property Tax⁽²⁾</i>
2014	\$10,108,508
2013	10,614,610 ⁽³⁾
2012	10,302,102
2011	9,990,235
2010	10,131,516 ⁽⁴⁾

⁽¹⁾ Includes both Nevada and Placer County.

⁽²⁾ Excludes voter-approved assessments, improvement district assessments, community facilities district assessments and assessment district assessments which do not constitute Revenues.

⁽³⁾ Repayment of the ERAF shift is included as intergovernmental revenues in the District’s audited financial statements for Fiscal Year 2013.

⁽⁴⁾ Reflects ERAF Shift discussed above. Such amounts were repaid in Fiscal Years 2012 and 2013.

Source: The District.

The Water System

Water supplied by the District originates in the snowpack at the upper reaches of the Middle and South Yuba River and in the natural flows of the Bear River, Deer Creek and several tributary systems. Approximately 475 miles of canals are utilized to transport and deliver water from the District’s 10 reservoirs. The District’s mountain division includes seven reservoirs and its lower division includes three reservoirs with a total maximum capacity of approximately 280,380 acre-feet, as listed in the below table.

**NEVADA IRRIGATION DISTRICT
Reservoirs**

<i>Mountain Division (Year Constructed)</i>	<i>Maximum Acre-Foot Storage Capacity</i>	<i>Height (in feet)</i>	<i>Type of Dam</i>
Jackson Meadows (1965)	69,205	195	Zoned earth core-Rock fill shells
Milton Diversion (1926)	295	38	Concrete arch
Bowman (1926)	68,510	171	Rock fill-concrete
French Lake (1858)	13,940	65	Rock fill-concrete
Faucherie (1964)	3,980	40	Zoned earth core-Rock fill shells
Sawmill (1910)	3,030	55	Rock-masonry
Jackson Lake (1942)	1,330	28	Earth embankment
 <i>Lower Division</i>			
Combie (1928)	5,555	98	Concrete arch
Rollins (1965)	65,988	242	Zoned earth core-Rock fill shells
Scotts Flat (1948)	48,547	175	Zoned earth core-Rock fill shells

Source: The District.

The treated water system includes approximately 400 miles of transmission and distribution pipelines ranging in size from four inches to 36 inches in diameter, 42 storage tanks and reservoirs with a capacity of approximately 47.3 million gallons and the seven treatment plants with daily capacities as set forth in the below table.

**NEVADA IRRIGATION DISTRICT
Treatment Plants**

<i>Treatment Plant</i>	<i>Maximum Daily Capacities (Millions of Gallons)</i>
Cascade Shores	0.340
Lake of the Pines	5.000
North Auburn	6.000
Lake Wildwood	4.000
Elizabeth George	18.000
Loma Rica	8.300
Smartville	<u>0.085</u>
Total	41.725

Source: The District.

The District estimates that approximately 5% of raw water sales are for golf courses and parks and approximately 60% of raw water sales are to customers who irrigate for alfalfa and hay farming and pasture. The District estimates that approximately 8% of raw water sales are to customers who irrigate fruits, nuts and other crops. The District estimates that approximately 27% of raw water sales are to customers who use water for outdoor domestic purposes, including family gardens, orchards and yards.

Historic Demand

The District records the volume of water delivered through the Water System. The following table summarizes treated water and raw water deliveries for the five most recently audited Fiscal Years.

NEVADA IRRIGATION DISTRICT Historic Water Deliveries (Acre-Feet)

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Increase/ (Decrease)</i>	<i>Raw Water</i>	<i>Increase/ (Decrease)</i>
2010	9,134	(8.9)	135,905	(0.1)
2011	8,664	(5.1)	132,559	(2.4)
2012	9,802	13.1	123,196	(7.1)
2013	9,840	0.4	129,752	5.3
2014	8,383	(14.8)	117,593	(9.4)

Source: The District.

The decline in treated water and raw water deliveries in Fiscal Year 2014 reflect voluntary reductions from raw water customers as part of the District's response to drought conditions. See the caption "—California Drought and Response" below.

The following table presents a listing of the historic number of service connections in the District. The increase in the number of treated water service connections from 2010 through 2014 averaged approximately 94 new connections annually.

NEVADA IRRIGATION DISTRICT Historic Service Connections

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Raw Water</i>	<i>Total Service Connections</i>	<i>Increase</i>
2010	18,616	5,547	24,163	0.5
2011	18,735	5,460	24,195	0.0
2012	18,777	5,438	24,215	0.0
2013	18,880	5,613	24,493	0.1
2014	18,991	5,439	24,430	0.0

Source: The District.

The District expects continued growth in treated and raw water service connections at approximately 2% per annum for the foreseeable future. See the caption "Projected Demand."

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Historic Annual Water Sales, Customers and Average Monthly Water Sales

The following table sets forth annual water sales, customers and average monthly water sales for the last five audited Fiscal Years.

NEVADA IRRIGATION DISTRICT
Historic Annual Water Sales, Customers and Average Monthly Water Sales

<i>Fiscal Year</i>	<i>Type of Service</i>	<i>Annual Water Sales</i>	<i>Monthly Customers</i>
2014	Treated Water	\$12,561,238	18,991
	Raw Water	5,194,070	5,439
	Other Sales ⁽¹⁾	1,123,706	
2013	Treated Water	12,986,505	18,880
	Raw Water	4,876,339	5,613
	Other Sales ⁽¹⁾	1,363,557	
2012	Treated Water	12,217,782	18,777
	Raw Water	4,585,872	5,438
	Other Sales ⁽¹⁾	1,054,188	
2011	Treated Water	10,975,709	18,735
	Raw Water	4,533,812	5,460
	Other Sales ⁽¹⁾	1,129,815	
2010	Treated Water	10,300,311	18,616
	Raw Water	4,377,306	5,547
	Other Sales ⁽¹⁾	1,323,123	

⁽¹⁾ Includes raw water sales to Nevada City and Grass Valley, California, and to other water districts. See the caption "Largest Customers."

Source: The District.

Largest Customers

The following tables set forth the ten largest raw water and treated water customers of the District as of December 31, 2015, the latest date for which such information is available, as determined by the amount of their respective annual payments.

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NEVADA IRRIGATION DISTRICT
Largest Raw Water Customers as of December 31, 2015 by Annual Payments

<i>Customer</i>	<i>Annual Payments</i>	<i>% of Total Raw Water Sales</i>
Placer County Water Agency	\$315,468	5.09%
City of Grass Valley	240,373	3.88
Placer County	84,598	1.36
City of Nevada City	66,546	1.07
Lake of the Pines	58,483	0.94
Carlin Hofman	51,881	0.84
Lake Wildwood	48,631	0.78
Lincoln Hills of Golf Mgmt LLC	41,052	0.66
State of California Dept. of Fish and Game	39,185	0.63
ACAT LLC	<u>37,919</u>	<u>0.61</u>
Total	\$984,142	15.88%

Source: The District.

Revenues from the ten largest raw water customers represent approximately 5.2% of total Revenues of the Water System in Fiscal Year 2015.

NEVADA IRRIGATION DISTRICT
Largest Treated Water Customers as of December 31, 2015 by Annual Payments

<i>Customer</i>	<i>Annual Payments</i>	<i>% of Total Treated Water Sales</i>
Mercy Healthcare	\$81,369	0.68%
City of Grass Valley	61,359	0.51
Forest Springs LLC	54,957	0.46
Nevada Union High School	44,125	0.37
Ponderosa Pines Mobile Home	42,200	0.35
Sierra Pines Mobile Home	38,379	0.32
Rock Creek Mobile Home	37,396	0.31
Grass Valley School District	32,013	0.27
Sierra Joint Community College	30,074	0.25
Bear River High School	<u>13,883</u>	<u>0.12</u>
Total	\$435,755	3.66

Source: The District.

Revenues from the ten largest treated water customers represent approximately 2.3% of total Revenues of the Water System in Fiscal Year 2015.

Water System Rates and Charges

The District's Water System rates and charges are established by the Board and are not subject to the approval of any other governmental agency or body. The Water System Rates and Charges schedule effective January 1, 2016 is attached as Exhibit A-2 to the Official Statement.

In January 2014, after a notice, public hearing and protest process described in the Official Statement under the caption "CONSTITUTIONAL LIMITATIONS TAXES—Proposition 218," the Board approved Water System rate increases averaging approximately 6% in each of Fiscal Years 2014 through 2018.

Notwithstanding such approval, there can be no assurance that the Board will not reduce such rate increases in the future. Any such reductions in rates would, however, be subject to the Board’s obligations to set rates and charges in accordance with the rate covenant described in the Official Statement under the caption “SECURITY FOR THE 2016A BONDS—Rate Covenant Securing the Series 2016A Installment Payments.”

The Water System projected operating results set forth under the caption “Projected Operating Results and Debt Service Coverage” are based on such approved rate increases and assume implementation of 6% rate increases by the Board in each of Fiscal Years 2016 through 2019. The projected rate increases in Fiscal Years 2018 through 2019 have not been approved by the Board and are subject to the notice, public hearing and protest process described in the Official Statement under the caption “CONSTITUTIONAL LIMITATIONS TAXES—Proposition 218.” There can be no assurance that such rate increases will be adopted as currently projected.

The table below sets forth a comparison of the current District monthly water bill for a single family residential user receiving 10 hcf of treated water per month to those of nearby communities:

**NEVADA IRRIGATION DISTRICT
Comparative Monthly Charges⁽¹⁾**

<i>Community</i>	<i>Monthly Charge</i>
District	\$31.21
Nevada City	34.63
Placer County Water Agency	40.56
City of Grass Valley	39.13

⁽¹⁾ Residential service with a 5/8” meter using 10 hcf of water per month.
Source: The District.

In addition to the minimum monthly rates, the District has a two tiered treated water commodity charge based upon type of service. Inside-District treated water rates are \$1.82 per hundred cubic foot (“hcf”) for the first 10 hcf used per billing cycle and \$2.36 per hcf for each hcf thereafter. Outside-District rates include a 25% surcharge. There are six billing cycles per year.

California Drought and Response

Governor’s Executive Orders. Hydrological conditions in California can vary widely from year to year. In 2013, much of California experienced one of the driest years on record and such dry conditions continued through January 2014. Due to these record-dry conditions, Governor Edmund G. Brown (the “Governor”) proclaimed a drought emergency on January 17, 2014.

On April 1, 2015 the Governor of California issued an executive order (the “2015 Executive Order”) mandating, among other provisions, a 25% reduction in potable urban water usage in California (as compared to potable water usage in 2013) through February 28, 2016. On February 2, 2016, the reductions mandated by the 2015 Executive Order were extended through October 31, 2016. In connection with such extension, the general framework of the regulations implementing the 2015 Executive Order described below were left intact, however, urban water suppliers are now provided credits and adjustments based on climate and recognition of significant investments made to create local, drought-resilient sources of potable water.

The 2015 Executive Order provides that the actual mandatory reduction required of each water supplier by the State Water Resources Control Board (the “SWRCB”) will vary based on per capita water usage, with those areas with high per capita water usage being required to achieve proportionately higher reductions than those areas with lower per capita water usage.

On May 5, 2015, following a formal rulemaking process and public comment period, the SWRCB adopted an emergency regulation to implement the 2015 Executive Order. The regulation became effective immediately upon approval by the Office of Administrative Law on May 15, 2015, and will remain in effect for 270 days from such date. Under the regulation, 411 urban water providers in the State are classified into nine tiers and assigned a required conservation standard which is imposed on each tier. The tier classifications are based upon a water supplier's per capita water usage in the three month period from July to September 2014. The conservation standard applied to the tiers ranges from a 4% reduction in total potable water production (although no water providers were proposed to be classified in such tier absent the demonstration by a water provider of satisfaction of certain specified criteria) to a 36% reduction in total potable water production from 2013 levels. As adopted, the regulation requires areas with high per capita water usage to achieve proportionately greater reductions in water use than those with low use. The regulation provides that the 2,600 "small water suppliers" in the State that serve fewer than 3,000 customers or deliver less than 3,000 acre-feet of water annually are required to either achieve a 25% conservation standard or restrict outdoor irrigation to no more than two days per week. Commercial, industrial and institutional properties that are not served by a water supplier (or are self-supplied) are similarly required to either achieve a 25% conservation standard or restrict outdoor irrigation to no more than two days per week. Under the regulation, compliance by the 411 urban water suppliers will be assessed for the period of June 2015 through February 2016 as compared to water usage in the corresponding prior timespan of June 2013 through February 2014. In addition to the total monthly water production and specific reporting on residential use and enforcement action previously adopted by the SWRCB, the regulation adopted May 5, 2015 also includes new reporting requirements for urban water suppliers to include information on water use in the commercial, industrial and institutional sectors. In order to enforce compliance by water suppliers, the regulation authorizes the SWRCB to issue informational orders, conservation orders or cease and desist orders requiring additional specific actions by a water supplier that is not meeting its conservation standard. Failure to provide information requested pursuant to an informational order within the required timeframe would be subject to civil liability of up to \$500 per day for each day out of compliance. Water agencies that violate cease and desist orders may be subject to a civil liability of up to \$10,000 a day.

Under the adopted regulation, the District, as a retail water provider, is required to achieve a 36% reduction as compared to the District's potable water usage in 2013. See the caption "—District Drought Response Actions and Impact." While the 2015 Executive Order as implemented by the SWRCB does not require the District to reduce water sales to its wholesale customers, it does apply to such retail water agencies served by the District as a wholesaler. The major water retailers served by the District reduced water use by approximately 20% percent in 2015.

While reductions in water usage resulting from implementation of the 2015 Executive Order may adversely affect the District's projected operating results set forth under the caption "FINANCIAL INFORMATION OF THE DISTRICT — Projected Operating Results and Debt Service Coverage," the District does not currently believe that such reductions, if achieved by the District and its wholesale customers, will have a material adverse effect on the District's ability to pay the Series 2016A Installment Payments. The District is obligated under the 2016 Installment Purchase Agreement to set rates and charges for its Water Service, which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal year, Net Revenues equal to 125% of Debt Service due in each Fiscal Year as more particularly described under the caption "SECURITY FOR THE 2016A BONDS — Rate Covenant Securing the Series 2016A Installment Payments." The ability of the District to modify its current rate structure could, however, be limited by certain California Constitutional provisions, including but not limited to Proposition 218. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES."

See the caption "—District Drought Response Actions and Impact" for actions taken by the District in response to the drought and the 2015 Executive Order.

District Drought Response Actions and Impact. In response to the drought and the 2015 Executive Order, the District enacted a Stage 3 Drought Contingency Plan. The Drought Contingency Plan spells out the action items the District will take to conserve water during limited supply. Some of the actions implemented over the last three years include the temporary limiting and or suspending of additional water sales, mandatory treated water use reductions, and the establishment of a water waste reporting program.

In addition to customer based conservation, the District has modified its raw water system operations to achieve additional water conservation. The combination of these measures has conserved more than 13,000 acre feet of water in 2015. The District has also made use of its contract water purchase options with PG&E to purchase supplemental waters to prepare for additional dry years. As a result of these actions, the District has achieved over 30% in treated water conservation, which was slightly below the goal established by the 2015 Executive Order of 36%. On February 17, 2016, the SWRCB issued a ‘Notice of Violation for Failure to Meet Water Conservation Standard’ to the District. Such notice indicated that the District’s to-date cumulative conservation of 30.6% did not satisfy the 36% conservation mandate established under the 2015 Executive Order. The District is currently considering applying for a conservation reduction goal of 4% with the State based on the District having approximately four years of projected water demand in storage.

As a result of the 2015 Executive Order and the conservation measures described above, the District experienced a decrease of approximately 5.1% in treated water sales revenues in Fiscal Year 2015. However, the District does not expect the 2015 Executive Order or the prolonging of the current drought conditions to have a material adverse effect on its ability to make the Series 2016A Installment Payments, which are secured in part by Revenues of the District’s hydroelectric facilities. Under the 2013 PG&E Contract, PG&E is obligated to make payments to the District based on the availability of the individual powerhouses comprising the District’s hydroelectric facilities, without regard as to the actual amount of hydroelectric generation. Therefore, the obligation of PG&E to make payments to the District under the 2013 PG&E Contract is not affected by the availability of water for the District’s hydroelectric facilities. See the captions “— Hydroelectric System Revenues — 2013 PG&E Contract” and “— Projected Operating Results and Debt Service Coverage” below.

Projected Demand

The following table sets forth the District’s projected water deliveries for Fiscal Year 2015 and the subsequent four Fiscal Years.

**NEVADA IRRIGATION DISTRICT
Projected Water Deliveries (Acre-Feet)**

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Increase/ (Decrease)</i>	<i>Raw Water</i>	<i>Increase/ (Decrease)</i>
2015 ⁽¹⁾	8,521	1.6%	118,671	1.0%
2016 ⁽²⁾	9,112	7.0	138,542	16.7
2017 ⁽²⁾	10,700	15.0	140,620	1.5
2018 ⁽²⁾	11,000	3.0	142,729	1.5
2019 ⁽²⁾	11,264	2.4	144,870	1.5

⁽¹⁾ Reflects unaudited actual results.

⁽²⁾ Reflects projected return to normal hydrological conditions in Fiscal Years 2016 and 2017 and projected increases based on the District’s Urban Water Management Plan thereafter.

Source: The District.

The following table sets forth the District’s projected water connections for Fiscal Year 2015 and the subsequent four Fiscal Years.

**NEVADA IRRIGATION DISTRICT
Projected Service Connections**

<i>Fiscal Year</i>	<i>Treated Water</i>	<i>Raw Water</i>	<i>Total Service Connections</i>	<i>Increase</i>
2015 ⁽¹⁾	19,077	5,490	24,567	0.56%
2016	19,515	5,622	25,137	2.32
2017	19,964	5,757	25,721	2.32
2018	20,423	5,895	26,318	2.32
2019	20,913	6,036	26,949	2.40

⁽¹⁾ Reflects unaudited actual results.

Source: The District.

Projected Annual Water Sales, Customers and Average Monthly Water Sales

The following table sets forth the projected annual water sales, customers and average monthly water sales for the current and next four Fiscal Years. These projections reflect projected water deliveries and connections and projected water rates and charges described under the captions “Projected Demand” and “Water System Rates and Charges.”

**NEVADA IRRIGATION DISTRICT
Projected Annual Water Sales, Customers and Average Monthly Water Sales**

<i>Fiscal Year</i>	<i>Type of Service</i>	<i>Annual Water Sales</i>	<i>Monthly Customers</i>	<i>Average Monthly Water Sales Per Customer</i>
2015 ⁽¹⁾	Treated Water	\$ 11,919,464	19,077	\$ 625
	Raw Water	6,197,696	5,490	1,129
	Other Sales ⁽²⁾	717,723		
2016	Treated Water	14,566,540	19,515	746
	Raw Water	5,801,697	5,622	1,032
	Other Sales ⁽²⁾	1,004,726		
2017	Treated Water	15,440,532	19,964	752
	Raw Water	6,149,799	5,757	1,038
	Other Sales ⁽²⁾	1,034,868		
2018	Treated Water	16,366,964	20,423	801
	Raw Water	6,518,787	5,895	1,106
	Other Sales ⁽²⁾	1,065,914		
2019	Treated Water	17,348,982	20,913	830
	Raw Water	6,909,914	6,036	1,145
	Other Sales ⁽²⁾	1,097,891		

⁽¹⁾ Reflects unaudited actual results.

⁽²⁾ Includes raw water sales to Nevada City and Grass Valley, California, and to other water districts.

Source: The District.

Hydroelectric System Revenues

Revenues from the District’s hydroelectric power plants constitute Revenues pledged to payment of the Series 2016A Installment Payments. See the Official Statement under the caption “SECURITY FOR THE 2016A BONDS—Revenue Pledge Securing the Series 2016A Installment Payments.” In Fiscal Year 2014 and

2015 (based on unaudited actual results), the Bowman Project, the Combie Project, the Scotts Flat Project and the Yuba-Bear River Project collectively accounted for approximately 39.9% and 40.1%, respectively of the District's total Revenues pledged to payment of the Series 2016A Installment Payments. A description of each hydroelectric project is set forth below.

Yuba-Bear River Project. The District owns and operates the Yuba-Bear River Project, consisting of 79.32 megawatt ("MW") hydroelectric facilities, which includes the 24.57 MW Dutch Flat No. 2 power plant, the 39.0 MW Chicago Park power plant, the 12.15 MW Rollins Project at Rollins Dam on the Bear River in Placer and Nevada Counties, the 3.6 MW Bowman Project described below, and related electrical facilities at the Middle Yuba River, Bear River, and Jackson and Canyon Creeks in Nevada, Placer and Sierra Counties. The electric output of the Yuba-Bear River Project is currently sold to PG&E under the 2013 PG&E Contract (as defined below). The District's Federal Energy Regulatory Commission ("FERC") license to operate the Yuba-Bear River Project expired on April 30, 2013. See the caption "—Expiration of FERC License" for a discussion of the District's expectations with respect to the operation of the Yuba-Bear River Project during the FERC relicensing process.

The Bowman Project comprises part of the facilities of the Yuba-Bear River Project. However, the electric output of the Bowman Project is currently sold to PG&E under a separate contract described under the caption "—Bowman Project." Upon the expiration of such contract in 2017 and satisfaction of certain requirements under the 2013 PG&E Contract, including amendment of the 2013 PG&E Contract to incorporate consistent pricing provisions for the Bowman Project, the electric output of the Bowman Project will be sold to PG&E under the terms of 2013 PG&E Contract.

In certain parts of the District's service area, the District uses conveyance facilities owned by PG&E for the delivery of water to the District's power plants and to its distribution system and PG&E uses District water and portions of the District's water transmission system to serve its power plants located in or around the District. The PG&E contracts governing the Yuba-Bear River Project establish the terms under which PG&E and the District wheel water through portions of the other party's canal system and powerhouses.

Bowman Project. The District owns and operates the Bowman Project, a 3.6 MW hydroelectric facility at Bowman Reservoir on Canyon Creek in Nevada County. The electric output of the Bowman Project is currently sold to PG&E under a contract that expires on January 1, 2017. Upon the expiration of such contract and satisfaction of certain requirements under the 2013 PG&E Contract (as defined below), electric output of the Bowman Project will be sold to PG&E under the terms of the power purchase contract entered into by the District and PG&E in 2013, which currently governs the sale of electric output from the Yuba-Bear River Project and (the "2013 PG&E Contract"). See the caption "—2013 PG&E Contract" below. The projected operating results set forth under the caption "Projected Operating Results and Debt Service Coverage" reflect the District's current contract with PG&E for the Bowman Project through Fiscal Year 2016 and the 2013 PG&E Contract thereafter.

The District's FERC license to operate the Bowman Project (which is included in the license for the Yuba-Bear River Project) expired on April 30, 2013. See the caption "—Expiration of FERC License" for a discussion of the District's expectations with respect to the operation of the Bowman Project during the FERC relicensing process.

Combie Project. The District owns and operates the Combie Project, a 2.0 MW hydroelectric facility consisting of the 0.386 MW Combie North Power Project and the 1.5 MW Combie South Power Project at Lake Combie on the Bear River in Placer County. The electric output of the Combie North Power Project is currently sold to PG&E under a contract that expires in 2024 and the electric output of the Combie South Power Project is currently sold to PG&E under a contract that expires in 2019.

Scotts Flat Project. The District owns and operates the Scotts Flat Project, a 0.85 MW hydroelectric facility at Scotts Flat Reservoir in Nevada County. The electric output of the Scotts Flat Project is currently sold to PG&E under a contract that expires in 2020.

Expiration of FERC License. The District's FERC license for the Yuba-Bear River Project (which includes the Bowman Project and the Rollins Project) expired on April 30, 2013. The The Scotts Flat Project and the Combie Projects are not subject to FERC relicensing. In early 2011, the District submitted an application for renewal of its FERC license pursuant to FERC's Integrated Licensing Process. In accordance with the Federal Power Act, the District is currently operating the Yuba-Bear River Project under successive, annual licenses from FERC, pending the issuance of a long term license by FERC. While the current FERC schedule suggests a long term license could be issued in 2020, the District cannot predict the actual date by which a long term license may be received from FERC. Until the long term license is issued, the District expects to continue receiving annual licenses from FERC permitting the continued operations of the Yuba-Bear River Project.

Total costs of the relicensing process as of December 31, 2015, were \$15,705,092. The District has made a loan from the Water Fund to the Electric Fund for the costs of the relicensing process. The District began repaying amounts from hydroelectric revenues to the Water Fund in Fiscal Year 2015. See the caption "Projected Operating Results and Debt Service Coverage" below.

The District believes that hydroelectric project operations will be significantly modified under a new FERC license in order to meet the requirements of environmental laws passed or imposed by federal agencies, and higher recreation demands since the original license was issued, but the District does not expect such modifications to have a materially adverse affect on the District's ability to pay the Series 2016A Installment Payments from Net Revenues. The projected operating results set forth under the caption "Projected Operating Results and Debt Service Coverage" reflect the District's current assumptions with respect to the terms of the renewal of the FERC license.

2013 PG&E Contract. In July 2013, the District entered into a power purchase agreement pursuant to which PG&E would purchase the electric output of the Yuba-Bear River Project. Upon the expiration of the current contract with PG&E in 2017 with respect to the Bowman Project, and satisfaction of certain conditions under the 2013 PG&E Contract, PG&E will thereafter purchase electric output from the Bowman Project under the terms of the 2013 PG&E Contract. The 2013 PG&E Contract was approved by the California Public Utilities Commission on March 21, 2013.

Under the terms of the 2013 PG&E Contract, the District has agreed to sell and deliver all of the electric output, including ancillary products, services, or attributes associated with such output as further described therein (collectively, the "Product"), of the Yuba-Bear River Project (which includes the Rollins Project) and the Bowman Project (upon satisfaction of certain conditions described above) to PG&E. The purchase price of the Product is determined by the availability of the individual powerhouses of the Yuba-Bear River Project and the Bowman Project, without regard to the actual hydroelectric generation from such facilities. The District is responsible for all costs or charges imposed on or associated with the delivery of the Product to each delivery point for the Yuba-Bear River Project, the Rollins Project and the Bowman Project, respectively. PG&E is responsible for all costs or charges imposed on or associated with the Product after its receipt thereof at each respective delivery point.

Projected Hydroelectric Revenues. The projected operating results for Fiscal Years 2015 through 2019 set forth under the caption "Projected Operating Results and Debt Service Coverage" are based on the assumption that the District's hydroelectric facilities will be available for service pursuant to the terms of the 2013 PG&E Contract, including the Bowman project after January 1, 2017, subject only to scheduled maintenance. There can be no assurance that such assumptions will be realized and variations in the assumptions may produce substantially different financial results.

The District has substantially completed agreements with PG&E to secure continued wheeling of its water after the expiration of the current contracts. However, such agreements have not yet been formally approved and executed. The District expects that the use of PG&E's system to wheel District water will continue without interruption.

Future System Improvements

In addition to the Combie Pipeline and certain preliminary review and consulting costs with respect to the Centennial Reservoir Project, which is projected to be financed from a portion of the proceeds of the 2016A Bonds (see the Official Statement under the caption "THE PROJECT"), the District projects additional capital improvements of approximately \$56,000,000 over the next five years, including the acquisition of a raw water pipeline for deliveries from Lake Combie. The District currently projects funding such additional capital improvements through a combination of grants, Revenues and reserves and does not project entering into any Contracts or issuing any Bonds to finance such capital improvements.

The District delivers raw water in a portion of the District's service area through the South Yuba Canal system, consisting of a canal, a power plant of 5.2 MW, and related facilities owned by PG&E. PG&E does not wish to continue ownership of said system, and it is a critical component of the water transmission system delivering water into the District. PG&E and the District have entered into negotiations relating to the sale of the South Yuba Canal system to the District. The expected purchase price will be nominal, but the annual and long term costs of operating and maintaining the South Yuba Canal system will be substantial. The District cannot currently predict whether such negotiations will be successful or whether such acquisition will ultimately be undertaken. Neither Revenues and Maintenance and Operation Costs associated with District ownership of the South Yuba Canal system nor projected operation and maintenance or improvement costs related to the South Yuba Canal system are reflected under the caption "Projected Operating Results and Debt Service Coverage."

Water Rights Matters

Most of the State's developed water supply comes from streams tributary to the Sacramento-San Joaquin River Delta/San Francisco Bay Estuary (the "Bay-Delta"), where the San Joaquin River and the Sacramento River, and their respective tributaries, along with other rivers, converge and flow into San Francisco Bay, and thence to the Pacific Ocean. Much of that water is exported to central and southern California by large pumping plants in the southern part of the Bay-Delta. The District's primary water supply is derived from the Sierra Nevada and the District does not directly receive water from the Bay-Delta. However, the District's supply is directly and indirectly affected by activities in the Bay-Delta and the potential passage of laws, rules and regulations that seek to protect the environment of the Bay-Delta by restricting the diversion of water from rivers and streams within the watershed that flows to the Delta, including the rivers and streams from which the District's supply is derived.

The Bay-Delta is beset by degraded environmental conditions, conflicting federal and State laws, and extensive litigation and has become a bottleneck to water supply for the federal Central Valley Project (the "CVP") and the State Water Project (the "SWP"). The Bay-Delta has also become important as a potential source of demand for water itself in order to protect the Bay-Delta environment. In particular, there is growing concern that diversions of water upstream of the Bay-Delta, as well as the export of water from the Bay-Delta for delivery to central and southern California, has harmed, threatened and endangered species of fish resident in the Bay-Delta and anadromous species migrating through the Bay-Delta upstream to traditional spawning areas. In December 1994, key federal and State agencies, together with stakeholders in the water community representing agricultural, urban and environmental perspectives, entered into a historic document entitled "Principles for Agreement on Bay/Delta Standards Between the State of California and the Federal Government" (the "Bay-Delta Accord"). The Bay-Delta Accord outlined new water quality standards designed to restore and protect the Bay-Delta estuary and aquatic species, including anadromous fish. It was expected to reduce the water available for consumptive uses by an average of 300,000-400,000 acre-feet per

year, but to assure water users that no additional reductions would occur for purposes of implementing statutes, such as the federal Endangered Species Act. The document also called for a cooperative State-federal program, known as “CALFED.” The CALFED Program began in May 1995. The CALFED Program was intended to be a cooperative, interagency effort involving 18 State and federal agencies with management and regulatory responsibilities in the Bay-Delta, and was established to develop a long-term comprehensive plan to restore the ecological health and improve water management for beneficial uses of the Bay-Delta system.

The CALFED Program, however, was generally unsuccessful in achieving its goals. Limitations on funding from State and federal sources restricted its efforts to improve water supply reliability and the Environmental Water Account was not effective in securing adequate supplies to meet environmental requirements. More significantly, declining water quality and increasing declines in populations of endangered, threatened, and sensitive species of fish resident in and dependent on the Bay-Delta resulted in ever-increasing restrictions on pumping from the Bay-Delta, increasing demands for water to be allowed to pass through the Bay-Delta without diversion for the CVP and the SWP and increasing litigation to protect the Bay-Delta environment and the affected species. Increasing demands for water flow into the Bay-Delta from upstream and shortages of water supply for the CVP and the SWP resulting from pumping restrictions caused the State Legislature to focus renewed attention on the Bay-Delta, and on new regulations to protect it, while attempting to preserve water supply reliability.

On July 25, 2012, Governor Jerry Brown and Secretary of the Interior Ken Salazar announced key proposed elements to advance the Bay Delta Conservation Plan (“BDCP”) planning process, including north Bay-Delta water diversion facilities with a total capacity of 9,000 cubic-feet per second (“cfs”), two tunnels sized to minimize energy use during operations and a “decision tree” process for unresolved operation criteria such as fall and spring outflows. In early 2015, the State separated the focus of the BDCP into two efforts: the California Eco Restore (“EcoRestore”) Project and the California Water Fix. California EcoRestore aims to accelerate and implement a comprehensive suite of habitat restoration actions to support the long-term health of the Bay-Delta’s native fish and wildlife. California Water Fix focuses on protecting the State’s water supplies from climate change through water system upgrades that protect against the impacts of sea level rise and earthquakes while improving river flows and reducing entrainment for threatened fish species. The Bay-Delta diversion facilities previously proposed in the BDCP are now captured within the California Water Fix effort.

State Water Resources Control Board Water Quality Control Regulations. The SWRCB regulates water from both a water rights standpoint and from a water quality standpoint. Under the Clean Water Act, the SWRCB is required to adopt and implement a water quality control plan for the Bay-Delta. The current water quality control plan for the Bay-Delta was adopted on May 22, 1995. The plan contains water quality objectives, outflow requirements, and project operation constraints consistent with the Bay-Delta Accord. The SWRCB then issued an interim order, Water Rights Order 95-6, which amended the previous water rights orders to remove the inconsistencies with the May 1995 Water Quality Control Plan. The SWP and the CVP have agreed to accept responsibility for meeting the Water Quality Control Plan objectives until the SWRCB conducts a broader review of water rights permits. In December 2003, the SWRCB initiated a periodic review of the 1995 Water Quality Control Plan to determine whether it provides adequate protection for existing beneficial uses of water. The SWRCB has completed that review, and it adopted an amended Water Quality Control Plan for the Delta on December 13, 2006. The SWRCB made what it described as “minor” changes to the plan adopted in 1995. The Water Quality Control Plan is subject to periodic, triennial review. The current review of the Water Quality Control Plan was initiated in 2010 and is ongoing. The District intends to participate in the ongoing review in order to represent its interest in protecting its water rights from degradation to provide more flows for the Delta, however, the District cannot predict the outcome of said proceedings.

SWRCB Decision 1641. From July 1, 1998 through December 27, 1999, the SWRCB conducted hearings intended to determine those water rights that would be subject to limitations in order to increase flows needed to preserve the Bay-Delta. The hearings were conducted in eight phases collectively known as the

Bay/Delta Water Rights Hearing. On December 29, 1999, upon completion of the first seven phases of the Bay/Delta Water Rights Hearing, the SWRCB adopted Water Right Decision 1641 (“D-1641”), determining partial responsibility for meeting the objectives in the 1995 Water Quality Control Plan and resolving other related issues. In D-1641, the SWRCB assigned responsibility for specified periods to a limited number of water users (including the Bureau and DWR) in the watersheds of the San Joaquin River above Vernalis, the Mokelumne River, Putah Creek, Cache Creek, and the Bear River. Responsibility was assigned based on agreements negotiated among diverters within those watersheds, including the CVP and the SWP. The District was not a signatory to any of such agreements. These responsibilities require that the signatories in these watersheds contribute specified amounts of water, and further specify that the Bureau and DWR serve as guarantors to provide the water necessary to ensure that the objectives are met in the Bay-Delta. To meet any potential responsibilities that were not assigned by D-1641, Conditions 1 and 2 thereof require that the Bureau and DWR meet those objectives as well. Conditions 1 and 2 of D-1641 also require that the Bureau and DWR meet certain objectives that the SWRCB did not contemplate assigning to other parties, such as export limits and gate closure requirements. Conditions 1 and 2 will remain in effect until the SWRCB reopens the proceedings or initiates new proceedings and makes further decisions assigning responsibilities to other water right holders in areas where the potential responsibilities have not yet been determined. There is no estimate at this time of when such new proceedings will be conducted, if at all.

Phase 8 of the Bay/Delta Water Rights Hearing was intended to address responsibility, if any, of users in the Sacramento River watershed which did not sign the foregoing agreements, including the District, for meeting the objectives in the 1995 Water Quality Control Plan. The District was a respondent in such proceedings and was prepared to participate in hearings to defend its right to use its water rights. However, in early 2001, an agreement terminating Phase 8 of the Bay/Delta Water Rights Hearing was reached among the Bureau, DWR, the Northern California Water Association (on behalf of some of the water rights holders in the Sacramento River watershed), the San Luis & Delta-Mendota Water Authority (on behalf of south-of-Delta CVP contractors), the State Water Contractors (on behalf of south-of-Delta SWP contractors), and the Contra Costa Water District. The agreement contemplates the development of supplemental water projects in the Sacramento Valley that would be developed, *inter alia*, to provide water to the SWP and CVP to help meet objectives in the 1995 Water Quality Control Plan, and pending that development, the responsibility for meeting the requirements of the 1995 Water Quality Control Plan remains on the CVP and the SWP. The development of the 2001 agreement has been postponed pending the completion of the required environmental review by DWR. Without development of such an agreement, Phase 8, or a proceeding for the same purpose as Phase 8, could be reinstated. The District was not a signatory to the 2001 agreement terminating Phase 8 of the Bay/Delta Water Rights Hearing.

Various legal challenges to D-1641 were resolved in a published appellate decision, in which the court of appeal largely upheld D-1641. On remand, the SWRCB has addressed those aspects of D-1641 that the court of appeal found deficient through the amendments to the Water Quality Control Plan described above and other proceedings.

Endangered Species Act. Numerous fish species that reside in or migrate to upstream spawning areas through the Bay-Delta have been or are now being considered for listing under the federal Endangered Species Act. Certain of such species migrate into lower reaches of the Yuba River, where flows could be affected by the District’s diversions.

The District cannot predict the outcome of the foregoing initiatives, legislation, and legal proceedings, nor whether the Endangered Species Act will limit its operations and diversions. All of the foregoing pose risks of regulatory, litigation, or legislative actions that could attempt to limit the District’s diversion and use of water from streams and rivers that are tributary to the Bay-Delta. The District will continue to monitor and participate in such actions as are necessary to protect its water rights, but it cannot predict the outcome of such proceedings. Because the District’s service area is served by rivers that are tributary to the Bay-Delta, it is possible that any of the foregoing initiatives, legislation and legal proceedings that are intended to limited water diverted for beneficial use upstream of the Bay-Delta could have a significant impact on the District’s

water supply. However, at this time the District is not aware of any such proposal or program that would limit the District's ability to pay the Series 2016A Installment Payments from Net Revenues.

Financial Statements

A copy of the most recent audited general purpose financial statements of the District prepared by Richardson & Company, LLP, Sacramento, California (the "Auditor"), are included as Exhibit A-1 hereto (the "Financial Statements"). The Auditor's report concludes that the audited Financial Statements referred to above present fairly, in all material respects, the financial position of the Water and Electric Funds of the District as of December 31, 2014, and the results of their operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

The summary operating results contained under the caption "Historic Operating Results and Debt Service Coverage" are derived from these financial statements (excluding certain non-cash items and after certain other adjustments) and are qualified in their entirety by reference to such statements, including the notes thereto.

The District accounts for moneys received and expenses paid in accordance with generally accepted accounting principles applicable to governmental agencies such as the District ("GAAP"). In certain cases GAAP requires or permits moneys collected in one Fiscal Year to be recognized as revenue in a subsequent Fiscal Year and requires or permits expenses paid or incurred in one Fiscal Year to be recognized in a subsequent Fiscal Year. See Note 1 to the District's audited financial statements for Fiscal Year 2014 set forth in Exhibit 1 hereto for a discussion of the accounting policies applicable to the District. Except as otherwise expressly noted herein, all financial information derived from the District's audited financial statement reflect the application of GAAP.

Investment Policy

All monies held by the District which are not required for immediate expenditures are pooled and invested in instruments authorized under Section 53601 of the Government Code. Criteria for selecting investments are, in order of priority, safety, liquidity, and yield. The District invests only in the safest types of securities or institutions and diversifies its investment portfolio so that potential losses on individual securities will be minimized. The District limits its investments in long term securities to 20% of its total portfolio, and the balance has a maximum maturity of five years or less. Investments are made so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. Investments are designed to produce an acceptable rate of return after first considering safety of principal and liquidity. Authority to manage the investment program is granted to the Treasurer of the District, who carries out procedures consistent with the District's statement of investment policy. All securities purchased are held in third party safekeeping by an acceptable institution. These include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). A report is given to the Board at least once each quarter, within 45 days after the reporting period. The report complies with Section 53646 of the Government Code.

Cash Reserves

The District maintains unrestricted and designated cash and investments on reserve for capital or other purposes. As of December 31, 2015, the District had on deposit approximately \$45,480,656 of unrestricted and designated capital cash and investments ("District General Reserves"). The District General Reserves are available to make Series 2016A Installment Payments in the event that other available moneys are not sufficient therefor. The District may, however, expend all or a portion of the District General Reserves on capital, operating or other expenses of the District and there can be no assurance that the District will continue to maintain District General Reserves in the future.

Historic Operating Results and Debt Service Coverage

Prior to July 1, 2013, hydroelectric revenues received by the District from the Yuba-Bear River Project were pledged to the payment of bonds that financed the construction of the Yuba-Bear River Project and were not available for other District purposes, including payment of debt service on District obligations which were then secured by Revenues. In addition, pursuant to the agreement with PG&E in effect prior to July 1, 2013, the District was not responsible for operating expenses relating to the Yuba-Bear River Project. As a result, District Revenues received on and after July 1, 2013, and Net Revenues, which include operating expenses of the Yuba-Bear River Project, are more representative of the sources of Revenues that secure the payment of the Series 2016A Installment Payments and the Net Revenues from which the Series 2016A Installment Payments are payable. The following table is a summary of the operating results of the Water System of the District for the last two audited Fiscal Years. Such results have been derived from the District's Financial Statements and audited financial statements for previous years, but exclude certain non-cash items and include certain other adjustments and reclassifications. The table has not been audited by the District's Auditor. The District is presenting a summary of the operating results of the Water System of the District for the last two audited Fiscal Years.

NEVADA IRRIGATION DISTRICT
Historic Operating Results and Debt Service Coverage
(Fiscal Year Ended December 31)

	<i>2013</i>	<i>2014</i>
Water Sales:		
Treated Water	\$ 12,986,505	\$ 12,561,238
Raw Water	4,876,339	5,194,070
Other Sales	<u>1,363,557</u>	<u>1,123,706</u>
Total Water Sales Revenues	\$ 19,226,401	\$ 18,879,014
Other Revenues:		
Taxes and Assessments ⁽¹⁾	\$ 9,750,780	\$ 10,108,508
Investment Income	419,444	633,073
Standby Charges	77,343	199,031
New Connections and Installations	245,965	172,943
Rents and Leases	84,148	73,439
Other	<u>1,347,644</u>	<u>1,017,829</u>
Total Other Revenues	\$ 11,925,324	\$ 12,204,823
Total Revenues ⁽²⁾	\$ 31,151,725	\$ 31,083,837
Maintenance & Operation Costs	\$ 18,989,137	\$ 22,484,107
Net Water Revenues	\$ 12,162,588	\$ 8,599,730
Hydroelectric Revenues ⁽³⁾	\$ 21,630,775	\$ 21,607,754
Hydroelectric Maintenance & Operation Costs ⁽⁴⁾	\$ 5,006,891	\$ 5,610,905
Net Hydroelectric Revenues	\$ 16,623,884	\$ 15,996,849
Net Revenues Available For Debt Service ⁽⁵⁾	\$ 28,786,472	\$ 24,596,579
Debt Service ⁽⁶⁾		
1963 Yuba Bear Revenue Bonds ⁽⁷⁾	\$ 2,555,000	\$ --
2002 Installment Purchase Agreement	1,060,875	--
2005 Installment Purchase Agreement	1,108,300	1,110,633
2011 Installment Purchase Agreement	1,547,269	2,081,219
CDPH Loan	<u>267,450</u>	<u>320,000</u>
Total Debt Service	\$ 6,538,894	\$ 3,511,882
Revenues Remaining After Payment of Debt Service	\$ 22,247,578	\$ 21,084,697
Debt Service Coverage ⁽⁸⁾	4.40	7.00

⁽¹⁾ Does not include amounts related to repayment of ERAF shift, which is shown under Other and as intergovernmental revenues in the District's audited financial statements for Fiscal Year 2013. See the caption "District Share of County 1% Property Tax" above.

⁽²⁾ Total Water Sales Revenues plus Total Other Revenues.

⁽³⁾ Includes hydroelectric revenues from the Yuba-Bear River Project, which through July 1, 2013, were not included as Revenues and were used to pay the bonds that financed the Yuba-Bear River Project. Beginning after July 1, 2013 as a result of the maturity of bonds that financed the construction of the Yuba-Bear River Project and sales of hydroelectric power thereafter pursuant to the 2013 PG&E Contract (upon expiration of PG&E contracts for Yuba-Bear River Project and Rollins Project), revenues from the Yuba-Bear River Project were pledged to pay Debt Service. See the caption "Hydroelectric System Revenues" and the Official Statement under the caption "SECURITY FOR THE 2016A BONDS—Revenue Pledge Securing the Series 2016A Installment Payments."

⁽⁴⁾ The District became responsible for certain hydroelectric operation and maintenance costs beginning July 1, 2013, when prior power sales contracts with PG&E expired. See the caption "Hydroelectric System Revenues — 2013 PG&E Contract."

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- (5) Net Revenues plus Net Hydroelectric Revenues.
- (6) Rounded to nearest whole number. Includes Installment Payments payable on or prior to December 31 of each Fiscal Year to be applied to make interest and principal payments due on January 1 of the succeeding Fiscal Year.
- (7) The 1963 Yuba Bear Revenue Bonds were no longer outstanding after July 1, 2013.
- (8) Net Revenues Available for Debt Service divided by Total Debt Service.

Source: The District.

Projected Operating Results and Debt Service Coverage

The District's projected operating results and debt service coverage for the Fiscal Years 2015 through 2019 are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the District's estimate of projected financial results based on the assumptions set forth in the footnotes to the chart set forth below. Such assumptions are material in the development of the District's financial projections, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

The table below has been revised from the format of the "Historic Operating Results and Debt Service Coverage" table above to reflect a pledge of revenues of the Yuba-Bear River Project to the Series 2016A Installment Payments and District obligations payable on a parity therewith, which pledge commenced after July 1, 2013 upon the discharge of the District's obligation to pay debt service on bonds that financed the construction of the Yuba-Bear River Project.

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NEVADA IRRIGATION DISTRICT
Projected Operating Results and Debt Service Coverage
(Fiscal Year Ended December 31)

	2015 ⁽¹⁾	2016	2017	2018	2019
Revenues					
Treated Water ⁽²⁾	\$ 11,919,464	\$ 14,566,540	\$ 15,440,532	\$ 16,366,964	\$ 17,348,982
Raw Water ⁽²⁾	6,197,696	5,801,697	6,149,799	6,518,787	6,609,914
Other Sales ⁽³⁾	717,723	1,004,726	1,034,868	1,065,914	1,097,891
Hydroelectric Loan Repayment ⁽⁴⁾	6,035,061	3,000,000	3,000,000	--	--
Electric Power Sales ⁽⁵⁾	20,902,965	18,492,423	19,047,196	20,618,612	21,237,170
Taxes and Assessments ⁽⁶⁾	10,388,881	10,508,405	10,771,115	11,040,393	11,316,403
Investment Income ⁽⁷⁾	458,615	650,000	650,000	650,000	650,000
New Connections and Installations	163,300	144,600	125,000	125,000	125,000
Standby Charges	127,318	172,266	170,000	170,000	170,000
Other ⁽⁸⁾	<u>1,186,970</u>	<u>578,710</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Revenues	\$ 58,097,993	\$ 54,919,427	\$ 56,888,510	\$ 57,055,669	\$ 59,355,360
Maintenance & Operation Costs – Water ⁽⁹⁾	\$ 30,021,932	\$ 31,287,878	\$ 32,148,295	\$ 34,032,373	\$ 34,968,263
Maintenance & Operation Costs – Hydroelectric ⁽⁹⁾	9,101,553	12,695,450	13,166,314	14,151,303	14,575,842
Hydroelectric Loan ⁽⁴⁾	<u>6,035,061</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>--</u>	<u>--</u>
Total Maintenance & Operation Costs ⁽⁹⁾	\$ 45,158,546	\$ 46,983,328	\$ 48,314,609	\$ 48,183,676	\$ 48,544,105
Net Revenues Available For Debt Service	\$ 12,939,448	\$ 7,936,099	\$ 8,573,901	\$ 8,871,994	\$ 9,811,255
Debt Service ⁽¹⁰⁾					
2005 Installment Purchase Agreement	\$ 1,968,863	\$--	\$--	\$--	\$--
2011 Installment Purchase Agreement	2,078,219	2,084,219	2,074,644	2,077,969	2,077,144
2016 Installment Purchase Agreement ⁽¹¹⁾	--	385,805	1,567,900	1,567,550	1,565,375
CDPH Loan ⁽¹²⁾	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>
Total Debt Service	\$4,367,081	\$2,790,024	\$3,962,544	\$3,965,519	\$3,962,519
Revenues Remaining After Payment of Debt Service	\$8,572,366	\$5,146,075	\$4,611,358	\$4,906,475	\$5,848,736
Debt Service Coverage ⁽¹³⁾	2.96	2.84	2.16	2.24	2.48

⁽¹⁾ Reflects unaudited actual amounts. Total Revenues equals Total Sales and Other Revenues.

⁽²⁾ Reflects projected water sales revenues described under the caption “Projected Annual Water Sales, Customers and Average Monthly Water Sales.” Projected to increase approximately 9.6% from Fiscal Year 2015 to 2017 pursuant to approved rate increase and additional demand and approximately 6.0% per annum thereafter pursuant to projected rate increases and additional demand. See the captions “Water System Rates and Charges” and “Projected Demand.” Rate increases are subject to the notice, public hearing and protest process described in the Official Statement under the caption “CONSTITUTIONAL LIMITATIONS TAXES—Proposition 218.” There can be no assurance that the Board will not reduce approved rate increases in the future or that rate increases through Fiscal Year 2019 will be adopted as currently projected.

⁽³⁾ Projected to at 3% per annum from Fiscal Year 2016 amount.

⁽⁴⁾ Reflects repayment of loan from the Water System to the hydroelectric fund for FERC relicensing costs. See the caption “Hydroelectric System Revenues—*Expiration of FERC License*” above.

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- (5) Amounts for Fiscal Year 2017 and thereafter reflect sale of electric output from the Bowman Project to PG&E under terms of the 2013 PG&E Agreement upon expiration of the current contract with PG&E with respect to the Bowman Project. Projected amounts assume relatively dry hydrological conditions. See the caption “Hydroelectric System Revenues” and the Official Statement under the caption “SECURITY FOR THE 2016A BONDS—Revenue Pledge Securing the Series 2016A Installment Payments.”
- (6) Projected to increase approximately 1.2% in Fiscal Year 2016 and 2.5% per annum thereafter. See the caption “District Share of County 1% Property Tax—General.” Excludes voter approved assessments, improvement district assessments, community facilities district assessments and assessment district assessments which do not constitute Revenues.
- (7) Projected to remain at approximately Fiscal Year 2016 amount based on District reserves. See the captions “Investment Policy” and “Cash Reserves.”
- (8) Reflects pipeline reimbursement fees, lease revenues, service charges, turnoff fees and other miscellaneous income.
- (9) Reflects projected increases of 2.75% and 3.0% per annum of Maintenance and Operations Costs from Fiscal Year 2016 amount for the District’s Water System and hydroelectric facilities, respectively. Fiscal Year 2018 reflects Deer Creek Project impacts.
- (10) Rounded to nearest whole number. Includes Installment Payments payable on or prior to December 31 of each Fiscal Year to be applied to make interest and principal payments due on January 1 of the succeeding Fiscal Year.
- (11) Projected at a true-interest cost of 2.57% and a principal amount of \$20,475,000.
- (12) Reflects projected portion of payments under CDPH Loan expected to be paid from Net Revenues. Does not reflect portion of payments under CDPH Loan expected to be paid from assessments levied by Community Facilities District #2007-01. See the caption “Outstanding Indebtedness—Payable From Revenues.”
- (13) Net Revenues Available for Debt Service divided by Total Debt Service.

Source: The District.

Litigation

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the 2016A Bonds, the application of the proceeds thereof in accordance with the Indenture, or in any way contesting or affecting the action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of the Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Bonds or any action of the District contemplated by any of said documents.

Constitutional Limitations on Taxes

Ad Valorem Property Taxes. On June 6, 1978, State voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the State Constitution. This amendment, which added Article XIII A to the State Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean “the county assessor’s valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1% of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property from the 1% limitation. Legislation enacted by the State Legislature provides that each county will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100 of assessed valuation (based on full cash value).

Article XIII B. Article XIII B of the State Constitution limits the annual appropriations of the State and of any district, county, school district, corporation or other political subdivision of the State to the level of

appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and population. The “base year” for establishing such appropriation limit is the 1978-79 State fiscal year and the limit is to be adjusted annually to reflect changes in population and consumer prices. Adjustments in the appropriations limit of an entity may also be made if: (a) the financial responsibility for a service is transferred to another public entity or to a private entity; (b) the financial source for the provision of services is transferred from taxes to other revenues; or (c) the voters of the entity approve a change in the limit for a period of time not to exceed four years.

Appropriations subject to Article XIII B generally include the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions and refunds of taxes. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to an entity of government from: (i) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation); and (ii) the investment of tax revenues. Article XIII B includes a requirement that if an entity’s revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years.

Certain expenditures are excluded from the appropriations limit including payments of indebtedness existing or legally authorized as of January 1, 1979, or of bonded indebtedness thereafter approved by the voters and payments required to comply with court or federal mandates which without discretion require an expenditure for additional services or which unavoidably make the providing of existing services more costly.

The District is of the opinion that revenues from its water charges do not constitute proceeds of taxes because such revenues do not exceed the costs that the District reasonably bears in providing such services and therefore are not subject to the limits of Article XIII B. The District has covenanted in the Installment Purchase Agreement that, to the fullest extent permitted by law, it will fix and prescribe, at the commencement of each Fiscal Year, rates and charges sufficient to provide for payment of the Series 2016A Installment Payments in each year. See the caption “SECURITY FOR THE 2016A BONDS—Rate Covenant.”

Proposition 218.

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the State Constitution. According to the “Title and Summary” of the Initiative prepared by the State Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D establishes two different procedures for imposing or increasing assessments and/or property-related fees or charges. An assessment for special benefits, including a standby charge, requires the preparation of an Engineer’s Report, notice and the distribution of ballots to the public, a public hearing and a majority affirmative vote before the assessment can be imposed. An agency seeking to impose or increase any property-related fee or charge other than an assessment or standby charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed and conduct a public hearing with respect thereto. The proposed fee or charge may not be imposed or increased if a majority of owners of the identified parcels file written protests against it on or before the date of the public hearing.

In addition, Article XIID includes a number of limitations applicable to existing or increased fees and charges including provisions to the effect that: (a) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (b) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (c) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel; and (d) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the language of Article XIID and the California Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the State Supreme Court, the water community was generally of the opinion that Article XIID did not apply to charges for water services that are “primarily based on the amount consumed” (i.e., metered water rates) because such charges were related to consumption of the service, not property ownership. However, the State Supreme Court stated in *Bighorn-Desert View Water Agency v. Verjil*, 39 Cal.4th 205 (2006) (the “*Bighorn Case*”) that fees for ongoing water service through an existing connection were property-related fees and charges. The Supreme Court specifically disapproved the holding in *Howard Jarvis Taxpayers Association v. City of Los Angeles* that metered water rates are not subject to Proposition 218. The District has not raised standby charges since passage of Proposition 218. The District has complied with the notice and majority protest requirements of Article XIID in determining whether to change metered water charges, as described under the caption “Water System Rates and Charges,” since 2007.

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms “local tax,” “assessment,” “fee” or “charge.” Moreover, the provisions of Article XIIC are not expressly limited to local taxes, assessments, fees and charges imposed after November 6, 1996. On July 24, 2006, the State Supreme Court held in the *Bighorn Case* that the provisions of Article XIIC applied to rates and fees charged for water service. In the decision, the Court noted that it was not addressing whether an initiative to reduce fees and charges could override statutory rate setting obligations. The full scope of Article XIIC is not yet defined by court decisions and it is possible that it could be applied to assessments, rates, and charges the proceeds of which constitute Revenues pledged to pay the Series 2016A Installment Payments. Although the District does not believe that District voters could use the initiative process under Article XIIC to impair District contractual obligations directly, challenges that result in a reduction of District rates and assessments, even though materially limiting the District’s ability to meet its obligations to pay the Series 2016A Installment Payments, may not be considered a direct impairment of the District’s obligations under the Installment Purchase Agreement. Therefore, there can be no assurance of the availability of legal remedies adequate to protect the security of the beneficial owners of the 2016A Bonds in the event of a challenge to District rates and fees under Article XIIC. Moreover, remedies available to beneficial owners of the 2016A Bonds in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time-consuming to obtain. So long as the 2016A Bonds are held in book-entry form, DTC (or its nominee) will be the sole registered owner of the 2016A Bonds and the rights and remedies of the 2016A Bond Owners will be exercised through the procedures of DTC.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the right and obligation with respect to the Installment Purchase Agreement is subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

Future Initiatives. Articles XIII B, XIII C and XIII D were adopted as measures amending the State Constitution that qualified for the ballot pursuant to the State's initiative process. In the future, other initiatives could be proposed, placed on the ballot and adopted affecting the District's revenues or ability to increase revenues.

Execution and Delivery

The execution and delivery of this Appendix have been duly authorized by the District.

NEVADA IRRIGATION DISTRICT

By: _____
President

EXHIBIT A-1

NEVADA IRRIGATION DISTRICT AUDITED FINANCIAL STATEMENTS

EXHIBIT A-2

NEVADA IRRIGATION DISTRICT WATER RATES AND CHARGES

APPENDIX B

DEFINITIONS AND SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Installment Purchase Agreement and the Indenture which are not described elsewhere. This summary does not purport to be comprehensive and reference should be made to the respective agreement for a full and complete statement of the provisions thereof.

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

Upon issuance of the 2016A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

April __, 2016

Nevada Irrigation District Joint Powers Authority
1036 West Main Street
Grass Valley, CA 95945

Re: \$_____ Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A

Members of the Board of Directors:

We have acted as Bond Counsel to the Nevada Irrigation District Joint Powers Authority (the "Authority") in connection with the issuance of \$_____ aggregate principal amount of Revenue Bonds, Series 2016A (the "Bonds"). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of March 1, 2016 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the Authority payable solely from Revenues (as such term is defined in the Indenture), consisting of installment payments to be made by the Nevada Irrigation District (the "District") to the Authority pursuant to an Installment Purchase Agreement, dated as of March 1, 2016, by and between the District and the Authority.

In connection with our representation we have examined a certified copy of the proceedings relating to the Bonds. 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 Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) 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 Bonds 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 and corporations. With respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the Authority and others and are subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest on the Bonds 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority has 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 Indenture and the Tax Certificate relating to the Bonds 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 (and original issue discount) for federal income tax purposes with respect to the Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

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 Indenture and the Bonds 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 Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

APPENDIX D

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority, the District and the Underwriter believe to be reliable, but neither the Authority, the District nor the Underwriter takes any responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the 2016A Bonds, payment of principal, premium, if any, accreted value, if any, and interest with respect to the 2016A Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the 2016A Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 2016A Bonds. The 2016A Bonds 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. One fully-registered bond will be executed and delivered for each annual maturity of the 2016A Bonds, each in the aggregate principal amount of such annual maturity, and will be deposited with 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 is rated AA+ by Standard & Poor's. 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 and www.dtc.org.

Purchases of 2016A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2016A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2016A Bond ("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 2016A Bonds 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 certificates representing their ownership interests in 2016A Bonds, except in the event that use of the book-entry system for the 2016A Bonds is discontinued.

To facilitate subsequent transfers, all 2016A Bonds 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 2016A Bonds 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 2016A Bonds; DTC's records reflect only the identity of the Direct

Participants to whose accounts such 2016A Bonds 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 2016A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2016A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2016A Bond documents. For example, Beneficial Owners of 2016A Bonds may wish to ascertain that the nominee holding the 2016A Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the 2016A Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 2016A Bonds 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 2016A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the 2016A Bonds 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 Trustee, 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 Trustee, 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 Trustee, 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.

A 2016A Bond Owner shall give notice to elect to have its 2016A Bonds purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such 2016A Bond by causing the Direct Participant to transfer the Participant's interest in the 2016A Bonds, on DTC's records, to the Trustee. The requirement for physical delivery of 2016A Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2016A Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered 2016A Bonds to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the 2016A Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical 2016A Bonds 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, 2016A Bonds will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE 2016A BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE 2016A BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon issuance of the 2016A Bonds, the District proposes to enter into a Continuing Disclosure Certificate in substantially the following form:

INSTALLMENT PURCHASE AGREEMENT

by and between

NEVADA IRRIGATION DISTRICT

and

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY

Dated as of March 1, 2016

relating to

\$ _____

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT, dated as of March 1, 2016, by and between NEVADA IRRIGATION DISTRICT, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “District”), and NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”).

W I T N E S S E T H:

WHEREAS, the District proposes to enter into this Installment Purchase Agreement to finance the acquisition and construction of certain capital improvements to the Water System, as more particularly described in Exhibit A hereto (“the 2016A Project”);

WHEREAS, the Authority has agreed to assist the District in financing the 2016A Project;

WHEREAS, the District is authorized by Division 11 of the Water Code of the State of California, including but not limited to Section 22425, to acquire property for its Water System (including all laws amendatory thereof or supplemental thereto, the “Law”);

WHEREAS, the Authority is authorized under the Joint Exercise of Powers Act, as amended, constituting Chapter 5, Division 7, Title 1 of the Government Code of the State of California, to assist its members in the financing of the acquisition of capital improvements;

WHEREAS, the District and the Authority have duly authorized the execution of this Installment Purchase Agreement;

WHEREAS, 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 delivery of this Installment Purchase 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 Installment Purchase Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Indenture.

Accountant's Report. The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Acquisition Fund. The term "Acquisition Fund" means the fund by that name established pursuant to Section 3.05 hereof and designated by the District as account number 10154.

Authority. The term "Authority" means the Nevada Irrigation District Joint Powers Authority, a joint exercise of powers authority created pursuant to a Joint Exercise of Powers Agreement, dated as of November 1, 2011, by and between the District and the California Municipal Finance Authority.

Bonds. The term "Bonds" means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District under and pursuant to the Law, the payments of which are secured by a pledge of and lien on the Revenues or the General Fund, and payable from Net Revenues, on a parity with the Series 2016A Installment Payments.

Bowman Project. The term "Bowman Project" means the Bowman Hydroelectric Project, Federal Energy Regulatory Commission License No. 2266, consisting of a hydroelectric power plant and related electrical facilities at or near Bowman Reservoir on Canyon Creek in Nevada County, California.

Combie Project. The term "Combie Project" means, collectively, the Combie North Power Project, Federal Energy Regulatory Commission License No. 7731, and Combie South Power Project, Federal Energy Regulatory Commission License No. 2981, of the District, consisting of hydroelectric power plants and related electrical facilities at or near Lake Combie on the Bear River in Placer County, California.

Contracts. The term "Contracts" means this Installment Purchase Agreement and any amendments and supplements hereto, the 2011 Installment Purchase Agreement, and all contracts of the District authorized and executed by the District under and pursuant to the Law, the payments of which are secured by a pledge of and lien on the Revenues or the General Fund, and payable from Net Revenues, on a parity with the Series 2016A Installment Payments. Contracts shall not include Obligations.

Date of Operation. The term "Date of Operation" means, with respect to any uncompleted Project, the estimated date by which such Project will have been completed and, in the opinion of an engineer, will be ready for commercial operation by or on behalf of the District.

Debt Service. The term "Debt Service" means, for any Fiscal Year, the sum of:

(i) the interest payable during such Fiscal Year on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(ii) that portion of the principal amount of all outstanding serial Bonds maturing in such Fiscal Year;

(iii) that portion of the principal amounts of all outstanding term Bonds required to be redeemed or paid in such Fiscal Year;

(iv) that portion of the Installment Payments required to be made during such Fiscal Year (except to the extent that the interest portion of such Installment Payments are capitalized or reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program); and

provided that, as to any such Bonds or Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Debt Service shall be assumed to bear interest at a fixed rate equivalent to the higher of: (i) the then current variable interest rate borne by such Bonds or Contracts plus 1%; and (ii) the highest average variable rate borne over a 6 month period during the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year, Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation;

provided further that, as to any such Bonds or Installment Payments or portions thereof bearing no interest but which are sold at a discount and which discount accretes with respect to such Bonds or Installment Payments or portions thereof, such accreted discount shall be treated as interest in the calculation of Debt Service; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that Debt Service shall be reduced by the amount of investment earnings credited to any debt service fund created with respect to Contracts or Bonds.

District. The term “District” means Nevada Irrigation District, an irrigation district duly organized and existing under and by virtue of the laws of the State of California.

Event of Default. The term “Event of Default” means an event described in Section 8.01.

Finance Manager. The term “Finance Manager” means the chief financial officer of the District or, if there is no chief financial officer, the highest ranking employee with responsibility for debt issuance and administration.

Fiscal Year. The term “Fiscal Year” means the period beginning on January 1 of each year and ending on the next succeeding December 31, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

General Fund. The term “General Fund” means all funds and accounts in the treasury of the District other than: (i) funds and accounts pledged to the payment of bonds, notes or other obligations of the District not payable from Revenues; and (ii) customer deposits, the Comprehensive Insurance Reserve, the Accrued Leave Reserve, the Hydroelectric Relicensing Reserve, the Raw Water System Expansion Reserve, the Treated Water System Expansion Reserve, the Watershed Stewardship Reserve and the Retirement Trust.

General Manager. The term “General Manager” means the general manager of the District, or, if there is no general manager, the highest ranking employee of the District.

Indenture. The term “Indenture” means the Indenture of Trust, dated as of March 1, 2016, by and between the Authority and the Trustee.

Independent Certified Public Accountant. The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Financial Consultant. The term “Independent Financial Consultant” means any financial consultant or firm of such consultants of national reputation generally recognized to be well qualified in financial matters relating to systems similar to the Water System, appointed and paid by the District, and who, or each of whom: (1) is in fact independent and not under domination of the District; (2) does not have any substantial interest, direct or indirect, with the District; and (3) is not connected with the District as a member of the Board of Directors, an officer or an employee thereof, but who may be regularly retained to make reports thereto.

Installment Payment Date; Series 2016A Installment Payment Date. The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract. The term “Series 2016A Installment Payment Date” means the third Business Day before any Interest Payment Date.

Installment Payments; Series 2016A Installment Payments. The term “Installment Payments” means the installment payments of interest and principal scheduled to be paid by the District under and pursuant to the Contracts. The term “Series 2016A Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant hereto.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means this Installment Purchase Agreement, dated as of March 1, 2016, by and between the District and the Authority, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Law. The term “Law” means, collectively, the Irrigation District Law of the State of California (being Division 11 of the Water Code of the State of California, as amended), and all laws amendatory thereof or supplemental thereto.

Maintenance and Operation Costs. The term “Maintenance and Operation Costs” means the reasonable and necessary costs spent or incurred for maintenance and operation of the District (other than for Separate Facilities) calculated in accordance with generally accepted accounting principles applicable to the District, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the facilities of the District in good repair and working order, and including administrative costs of the District, salaries and wages of employees, payments to the Public Employees Retirement System, overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, all payments with respect to Obligations, and including all other reasonable and necessary costs of the District or charges required to be paid by it to comply with the terms of the 2016A Bonds or of the Installment Purchase Agreement, but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles or other bookkeeping entries of a similar nature.

Net Proceeds. The term “Net Proceeds” means, when used with respect to any insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

Net Revenues. The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Maintenance and Operation Costs for such Fiscal Year.

Obligation. The term “Obligation” means any contract or lease for the purchase of any facilities, properties, structures or works for the District the final payments under which are due more than one year following the effective date thereof, so long in each such case as the payments thereunder constitute Maintenance and Operation Costs. Obligations shall not include Contracts.

Operating Reserves. The term “Operating Reserves” means the funds designated as such on the General Fund – Water Utility Balance Sheet of the District.

Project; 2016A Project. The term “Project” means any additions, betterments, extensions, or improvements to the District’s facilities designated by the Board of Directors of the District as a Project, the acquisition and construction of which is to be paid for by the proceeds of any Contracts or Bonds. The term “2016A Project” means the additions, betterments, extensions and improvements to the Water System described in Exhibit A hereto.

Purchase Price. The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the Authority under the terms hereof as provided in Section 4.01.

Revenues. The term “Revenues” means:

- (1) all Water System Revenues; and
- (2) all hydroelectric revenues received by the District from the Scotts Flat Project, Bowman Project, Combie Project, Rollins Project, and the Yuba-Bear River Project; and
- (3) any amounts received as the District’s share of Nevada County’s and Placer County’s levy of property tax on property within the District; and

(4) the net proceeds of a governmental taking of the Scotts Flat Project, Bowman Project, Combie Project, Rollins Project, and the Yuba-Bear River Project; and

(5) all assessments received by the District from Edgewood Road Improvement District, Improvement District No. 18; and

(6) any and all other amounts not restricted by statute or otherwise pledged to pay bonds, contracts or obligations issued or executed by the District with respect to Separate Facilities and to which no moneys described in clauses (1) to (5) hereof are pledged to the payment thereof.

Rollins Project. The term “Rollins Project” means the Rollins Power Project of the District, Federal Energy Regulatory Commission License No. 2266, consisting of a hydroelectric power plant and related electrical facilities at or near Rollins Dam on the Bear River in Nevada and Placer Counties, California.

Scotts Flat Project. The term “Scotts Flat Project” means the Scotts Flat Hydroelectric Project, Federal Energy Regulatory Commission License No. 5930 consisting of a hydroelectric power plant and related electrical facilities at or near Scotts Flat Reservoir in Nevada County, California.

Separate Facilities. The term “Separate Facilities” means any facilities of the District constructed or acquired on or after the date hereof from the proceeds of bonds, notes or other obligations of the District which do not have a parity claim on the General Fund or Revenues.

Trustee. The term “Trustee” means U.S. Bank National Association, acting in its capacity as Trustee under and pursuant to the Indenture, and its successors and assigns.

2011 Installment Purchase Agreement. The term “2011 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of November 1, 2011, by and between the District and the Authority.

Water Service. The term “Water Service” means the water distribution service made available or provided by the Water System.

Water System. The term “Water System” means the whole and each and every part of the water system of the District, including the portion thereof existing on the date hereof, and including all additions, betterments, extensions and improvements to such water system or any part thereof hereafter acquired or constructed, but not including Separate Facilities.

Water System Revenues. The term “Water System Revenues” means all income, rents, rates, fees, charges and other moneys derived from the ownership or operation of the Water System, calculated in accordance with generally accepted accounting principles, including, without limiting the generality of the foregoing:

(1) all income, rents, rates, fees, charges (including connection fees and standby charges), insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System;

(2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys (including, without limitation, investment earnings on the Operating Reserves) to the extent that the use of such earnings and income is limited to the Water System by or pursuant to law; and

(3) the proceeds derived by the District directly or indirectly from the sale, lease or other disposition of a part of the Water System or other property of the District, but excluding in all cases customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District.

Yuba-Bear River Project. The term "Yuba-Bear River Project" means the Yuba-Bear River Project of the District, Federal Energy Regulatory Commission License No. 2266, consisting of multiple water storage reservoirs, the Dutch Flat No. 2 Powerhouse, the Chicago Park Powerhouse, the Rollins Project and the Bowman Project, and related electrical facilities at or near the Middle Yuba River, Bear River, and Jackson and Canyon Creeks in Nevada, Placer and Sierra Counties, California.

ARTICLE II

REPRESENTATIONS AND WARRANTIES; OPINIONS OF COUNSEL

Section 2.01. Representations by the District. The District makes the following representations:

(a) The District is an irrigation district duly organized and existing under and pursuant to the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Installment Purchase Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2016A Project under the terms of the Installment Purchase Agreement being included in the gross income of the Authority or its assigns for purposes of federal or State of California income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District finance the 2016A Project in the manner provided for in this Installment Purchase Agreement, in order to provide essential services and facilities to the persons residing in the District in the manner provided for in this Installment Purchase Agreement.

Section 2.02. Representations and Warranties by the Authority. The Authority makes the following representations and warranties:

(a) The Authority is a public body duly organized and existing under the Joint Exercise of Powers Agreement and under the laws of the State, and has full legal right, power and authority to enter into the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of the Installment Purchase Agreement.

(b) The execution and delivery of the Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

(c) The Authority will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2016A Project, other than interest paid with respect to Series 2016A Installment Payments securing the 2016A Bonds under the terms of the Installment Purchase Agreement being included in the gross income of the 2016A Bond Owners or their assigns for purposes of federal or State income taxation.

ARTICLE III

ACQUISITION AND CONSTRUCTION OF THE 2016A PROJECT

Section 3.01. Acquisition and Construction of the 2016A Project. The Authority hereby agrees to cause the 2016A Project, and any additions or modifications thereto to be constructed, acquired or installed by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Authority, the complete construction, acquisition and installation of the 2016A Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2016A Project to be diligently performed after the deposit of funds with the Trustee pursuant to Section 3.02 of the Indenture, upon satisfactory completion of design work and compliance with the California Environmental Quality Act and approval by the board of directors of the District, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Authority shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2016A Project and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.02. Purchase and Sale of the 2016A Project. In consideration for the District's agreement to pay the Series 2016A Installment Payments as set forth in Section 4.02, the Authority agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Authority, the 2016A Project at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.03. Title. All right, title and interest in each component of the 2016A Project shall vest in the District immediately upon the completion of the acquisition, construction or improvement thereof.

Section 3.04. Acquisition Fund. There is hereby established with the District a fund known as the “Acquisition Fund,” which the District shall maintain and hold in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the 2016A Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the Finance Manager of the District shall cause to be filed with the General Manager of the District a written Requisition in the form set forth in Exhibit C hereto. Upon receipt of such written Requisition, the General Manager of the District will pay the amount set forth therein. The General Manager of the District need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys so to be paid, which has not been released and will not be released simultaneously with such payment.

When the 2016A Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the General Manager of the District and the Trustee by the Finance Manager of the District. Upon the receipt of such statement, the General Manager of the District shall transfer any remaining balance in the Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which shall be certified to the General Manager of the District by the Finance Manager of the District) to the Trustee, which shall deposit such amounts in the Revenue Fund established under the Indenture.

Section 3.05. Substitutions. The District may substitute improvements for or add other improvements to those listed as components of the 2016A Project in Exhibit A hereto, but only if a Finance Manager of the District first files with the Authority and the Trustee a statement of the District in the form attached as Exhibit D:

- (a) identifying the improvements to be substituted or added and the improvements to District facilities such improvements replace (if relevant) in the 2016A Project; and
- (b) stating that the estimated costs of construction, acquisition and installation of the substituted or additional improvements are not less than such costs for the improvements previously planned.

ARTICLE IV

SERIES 2016A INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

- (a) The Purchase Price to be paid by the District hereunder to the Authority is the sum of the principal amount of the District’s obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the effective date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the District hereunder is shown on Exhibit B hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.02, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder.

Section 4.02. Series 2016A Installment Payments. The District shall, subject to any rights of prepayment provided in Article VII, pay the Authority the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2016A Installment Payment Dates as shown on Exhibit B hereto.

Each Series 2016A Installment Payment shall be paid to the Authority, or the Trustee as its assignee, in lawful money of the United States of America. In the event that the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2016A Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2016A Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2016A Installment Payments required to be made by it under this Section when due, whether or not the Water System or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of General Fund. All amounts on deposit in the General Fund are hereby irrevocably pledged to the payment of the Series 2016A Installment Payments as provided herein. This pledge shall constitute a first lien on, subject to application of amounts on deposit therein as permitted herein, the General Fund for the payment of the Series 2016A Installment Payments and all other Contracts and Bonds in accordance with the terms hereof.

Section 5.02. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by the District in trust hereunder and shall be deposited when and as received in the General Fund, which fund the District agrees and covenants to maintain so long as any Series 2016A Installment Payments remain unpaid. Moneys in the General Fund shall be used and applied by the District at the following times for the following purposes in the following order of priority.

The District shall, from the moneys in the General Fund, pay all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required). All

remaining moneys in the General Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section:

(a) Series 2016A Installment Payments. On or before each Series 2016A Installment Payment Date, the District shall, from the moneys in the General Fund, pay to the Trustee for application in accordance with the Indenture a sum equal to the Series 2016A Installment Payment coming due on such Series 2016A Installment Payment Date. The District shall also, from the moneys in the General Fund, transfer to the applicable trustee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Debt Service in accordance with the provisions of the applicable Bond, Contract, resolution or indenture relating thereto.

No moneys need be paid from the General Fund as Series 2016A Installment Payments if the amount available in the Revenue Fund is at least equal to the amount of the Series 2016A Installment Payment due and payable on the next succeeding Series 2016A Installment Payment Date.

(b) Reserve Funds. The District shall, from the remaining moneys in the General Fund, thereafter, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, in the case of Bonds or Installment Payments other than the Series 2016A Installment Payments, transfer to the applicable trustee for deposit in reserve funds or accounts established in accordance with the provisions of any Bond, Contract, resolution or indenture relating thereto an amount equal to the amount required to be deposited therein.

(c) Surplus. The District may, on any date after determining that amounts to be on deposit in the General Fund are reasonably expected to be sufficient to make all payments required above during the current Fiscal Year, apply amounts on deposit in the General Fund for any purpose permitted by law.

Section 5.03. Additional Contracts and Bonds. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided:

(1) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant on such calculation on file with the District, shall have produced a sum equal to at least one hundred twenty-five percent (125%) of the Debt Service due on such Fiscal Year; and

(2) The Net Revenues for the most recent audited Fiscal Year preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the execution of such Contract or the issuance of such Bonds, as the case may be, including adjustments to give effect to increases or decreases in rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Financial Consultant on such calculation on file with the District, shall have produced a sum equal to at least (a) one hundred twenty five percent (125%) of the Debt Service due in such Fiscal Year plus (b) the Debt Service which would have been payable had such Contract been executed or Bond been issued at the

beginning of such Fiscal Year, plus (c) the Debt Service which would have been payable on any other Contract or Bond executed and delivered or issued after such Fiscal Year, and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of Operation of any uncompleted Project, as evidenced by a certificate on file with the District, plus (after giving effect to the completion of all uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate on file with the District, shall produce a sum equal to at least one hundred twenty-five percent (125%) of the estimated Debt Service for each of such Fiscal Years, after giving effect, in either case, to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract or Bonds last executed or then being executed or issued.

Section 5.04. Investments. All moneys held by the District in the General Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such fund.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2016A Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate the Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2016A Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to the Installment Purchase Agreement that, subject to Section 10.06 hereunder, each of the agreements, conditions, covenants and terms contained in each such contract and agreement is an essential and material term of the purchase of and payment for the 2016A Project by the District pursuant to, and in accordance with, and as authorized under the Law.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.02. Against Encumbrances. The District will not make any pledge of or place any lien on Revenues or the moneys in the General Fund except as provided herein. The District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the General Fund as may from time to time be deposited therein (as provided in Section 5.02), provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.03. Against Sale or Other Disposition of Property. The District will not sell, lease or otherwise dispose of any facilities of the District, including but not limited to the Water System or the Yuba-Bear River Project, including the Rollins Project and the Bowman Project, the Scotts Flat Project or the Combie Project, essential to the proper operation of the District or to the payment of the Series 2016A Installment Payments. The District will not enter into any agreement or lease which impairs the operation of any facilities of the District, including but not limited to the Water System, necessary to secure adequate Revenues for the payment of the Series 2016A Installment Payments, or which would otherwise impair the rights of the Authority hereunder or the operation of the District. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the District, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2016A Installment Payments and if the proceeds of such sale are deposited in the General Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

Section 6.04. Against Competitive Facilities. The District will not, to the extent permitted by law, acquire, construct, maintain or operate and will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the District any water system competitive with the Water System.

Section 6.05. Tax Covenants. Notwithstanding any other provision of this Installment Purchase Agreement, absent an opinion of Bond Counsel that the exclusion from gross income of interest on the 2016A Bonds will not be adversely affected for federal income tax purposes, the District covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The District will take no action or refrain from taking any action or make any use of the proceeds of the 2016A Bonds or of any other moneys or property which would cause the 2016A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The District will make no use of the proceeds of the 2016A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2016A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The District will make no use of the proceeds of the 2016A Bonds or take or omit to take any action that would cause the 2016A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The District will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code;

(e) Hedge Bonds. The District will make no use of the proceeds of the 2016A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the 2016A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the District takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2016A Bonds for federal income tax purposes; and

(f) Miscellaneous. The District will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the District in connection with the issuance of the 2016A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.06. Prompt Acquisition and Construction. Subsequent to the receipt of all required engineering and environmental documentation satisfactory to the District, the District will take all necessary and appropriate steps to acquire and construct the 2016A Project, as agent of the Authority, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.07. Maintenance and Operation of the District. The District will maintain and preserve its facilities, including but not limited to the Water System, in good repair and working order at all times and will operate its facilities, including but not limited to the Water System, in an efficient and economical manner and will pay all Maintenance and Operation Costs as they become due and payable.

Section 6.08. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Series 2016A Installment Payments or to the Owners prior or superior to the lien of the Series 2016A Installment Payments or which might impair the security of the Series 2016A Installment Payments.

Section 6.09. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of its facilities, including but not limited to the Water System, and all other contracts affecting or involving its facilities, including but not limited to the Water System, to the extent that the District is a party thereto.

Section 6.10. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with facilities similar to the Water System so long as such insurance is available from reputable insurance companies at a reasonable cost.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District shall, upon receipt of such Net Proceeds, begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2016A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2016A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the Series 2016A Installment Payments as well as the entire obligations evidenced by Bonds and Contracts then remaining unpaid prior to their final respective due dates, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the Water System, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2016A Installment Payments as provided in Article VII and to the retirement of such Bonds and Contracts.

(b) The District will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with facilities similar to those of the District.

(c) Any insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with facilities similar to those of the District and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained herein shall provide that the Authority shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.11. Accounting Records; Financial Statements and Other Reports.

(a) The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the facilities of the District, including but not

limited to the Water System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

(b) The District will prepare and file with the Authority annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending December 31, 2015) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles, together with an Accountant's Report thereon.

Section 6.12. Protection of Security and Rights of the Authority. The District will preserve and protect the security hereof and the rights of the Authority to the Series 2016A Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.13. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System, or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the facilities of the District, including but not limited to the Water System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.14. Amount of Rates and Charges. To the fullest extent permitted by law, the District shall fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to one hundred twenty-five percent (125%) of the Debt Service payable in such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges are reasonably expected to be sufficient to meet the requirements of this section.

So long as the District has complied with its obligations set forth in the prior paragraph, the failure of Net Revenues to meet the threshold set forth above shall not constitute a default or an Event of Default.

Section 6.15. Collection of Rates and Charges. The District will have in effect at all times rules and regulations requiring each consumer or customer located on any premises connected with the Water System to pay the rates and charges applicable to the Water Service to such premises and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may disconnect such premises from the Water System, and such premises shall not thereafter be reconnected to the Water System except in accordance with District operating rules and regulations governing such situations of delinquency.

Section 6.16. Eminent Domain Proceeds. If all or any part of the Water System, the Yuba-Bear River Project, including the Bowman Project and the Rollins Project, the Scotts Flat Project or the Combie Project shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied as follows:

(a) If: (1) the District files with the Authority and the Trustee a certificate showing: (i) the estimated loss of annual Net Revenues, if any, suffered or to be suffered by the District by reason of such eminent domain proceedings; (ii) a general description of the additions, betterments, extensions or improvements to the Water System, the Yuba-Bear River Project, the Scotts Flat Project, the Bowman Project, the Combie Project or the Rollins Project proposed to be acquired and constructed by the District from such Net Proceeds; and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements; and (2) the District, on the basis of such certificate filed with the Authority and the Trustee, determines that the estimated additional annual Net Revenues will sufficiently offset the estimated loss of annual Net Revenues resulting from such eminent domain proceedings so that the ability of the District to meet its obligations hereunder will not be substantially impaired (which determination shall be final and conclusive), then the District shall promptly proceed with the acquisition and construction of such additions, betterments, extensions or improvements substantially in accordance with such certificate and such Net Proceeds shall be applied for the payment of the costs of such acquisition and construction, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the General Fund.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied in part to the prepayment of Series 2016A Installment Payments as provided in Article VII and in part to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts in the same proportion which the aggregate unpaid principal balance of Series 2016A Installment Payments then bears to the aggregate unpaid principal amount of such Bonds and Contracts.

Section 6.17. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Authority of the rights and benefits provided to it herein.

Section 6.18. Enforcement of Contracts. So long as any of the 2016A Bonds are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for payments to be deposited into the General Fund which will reduce the payments thereunder (except as provided therein) or which will in any manner impair or adversely affect the rights of the Owners from time to time of the 2016A Bonds.

ARTICLE VII

PREPAYMENT OF SERIES 2016A INSTALLMENT PAYMENTS

Section 7.01. Prepayment.

(a) The District may or shall, as the case may be, prepay from the Net Proceeds as provided herein all or any part on any date in inverse order of maturity and by lot (in an integral multiple of \$5,000), of the principal amount of the unpaid Series 2016A Installment Payments at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The District may prepay the Series 2016A Installment Payments, as a whole or in part, in the order of payment date as directed by the District, on the date and at the prepayment price (expressed as a percentage of the principal amount of the 2016A Bonds to be redeemed) plus accrued interest thereon to the date of prepayment, as set forth in Section 4.01 of the Indenture.

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Authority).

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Authority and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than forty-five (45) (or such lesser number of days acceptable to the Authority and the Trustee in their sole discretion) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen:

(a) if default shall be made in the due and punctual payment of any Series 2016A Installment Payment or, if the Trustee shall have received notice of such default on any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the agreements or covenants required herein to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Authority;

(c) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then in each and every such case during the continuance of such Event of Default specified in clauses (c) and (d) above, the Authority shall, and for any other such Event of Default the Authority may, by notice in writing to the District, declare the entire principal amount of the unpaid Series 2016A Installment Payments and the accrued interest thereon to be due and payable immediately,

and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This subsection however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2016A Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Authority a sum sufficient to pay the unpaid principal amount of the Series 2016A Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2016A Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Authority, and any and all other defaults known to the Authority (other than in the payment of the entire principal amount of the unpaid Series 2016A Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Authority or provision deemed by the Authority to be adequate shall have been made therefor, then and in every such case the Authority, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Revenues thereafter received shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, of the costs and expenses of the Authority and the Trustee, if any, in carrying out the provisions of this article, including reasonable compensation to its accountants and counsel;

Second, to the payment of the Maintenance and Operation Costs; and

Third, to the payment of the entire principal amount of the unpaid Series 2016A Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2016A Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms.

Section 8.03. Other Remedies of the Authority. The Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Authority shall have no security interest in or mortgage on the 2016A Project, the Water System or other assets of the District and no default hereunder shall result in the loss of the 2016A Project, the Water System, or the assets of the District.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2016A Installment Payments to the Authority at the respective due dates or upon prepayment from the General Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the District and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.05. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

ARTICLE IX

DISCHARGE

Section 9.01. Discharge. When:

(a) all or any portion of the Series 2016A Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2016A Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2016A Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Authority or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2016A Installment Payments, sufficient moneys and Permitted Investments, issued by the United States of America and described in clause (A) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2016A Installment Payments to their respective Series 2016A Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee;

then and in that event, if an opinion of Bond Counsel is filed with the Trustee to the effect that the actions authorized by and taken pursuant to this Article IX shall not adversely affect the tax exempt status of the interest portion of the Series 2016A Installment Payments, the right, title and interest of the Authority herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2016A Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2016A Installment Payments). In such event, upon request of the District, the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the District, after payment of all amounts due the Trustee pursuant to the Indenture, as an overpayment of Series 2016A Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the Series 2016A Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2016A Installment Payments and shall be applied by the Trustee to the payment of the Series 2016A Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.01. Liability of District Limited to General Fund. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the General Fund and the other funds provided herein for the payment of the Series 2016A Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2016A Installment Payments is a special obligation of the District payable solely from such General Fund and other funds, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

Section 10.02. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Authority any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Authority shall be for the sole and exclusive benefit of the other party.

Section 10.03. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Authority is named or referred to herein, such reference shall be deemed to

include the successor to the powers, duties and functions that are presently vested in the District or the Authority, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2016A Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.05. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.06. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Authority hereby declare that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.07. Assignment. The Installment Purchase Agreement and any rights hereunder may be assigned by the Authority, as a whole or in part, without the necessity of obtaining the prior consent of the District.

Section 10.08. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof of the Series 2016A Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.09. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by mail to the party entitled thereto at its respective address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District:	Nevada Irrigation District 1036 West Main Street
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Grass Valley, California 95945
Attention: Finance Manager

If to the Authority:

Nevada Irrigation District Joint Powers Authority
c/o Nevada Irrigation District
1036 West Main Street
Grass Valley, California 95945
Attention: Finance Manager

Section 10.11. Effective Date. The Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Authority).

Section 10.12. Execution in Counterparts. The Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of Authority. The District hereby agrees to indemnify and hold harmless the Authority if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder and under the Indenture; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder or under the Indenture by the Authority.

Section 10.14. Amendments Permitted.

(a) The Installment Purchase Agreement and the rights and obligations of the Authority, the District, the Owners of the 2016A Bonds and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the 2016A Bonds then Outstanding, exclusive of 2016A Bonds disqualified as provided in the Indenture, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the fixed maturity of any Series 2016A Installment Payments, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2016A Bond so affected; or (2) reduce the aforesaid percentage of 2016A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive the Owners of the 2016A Bonds of the lien created by the Indenture on such Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2016A Bonds then Outstanding.

(b) The Installment Purchase Agreement and the rights and obligations of the Authority, the District and of the Owners of the 2016A Bonds may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of any 2016A Bonds, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such amendment shall not materially adversely affect the interests of the Owners of the

Outstanding 2016A Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the District contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Authority or the District, and which shall not adversely affect the interests of the Owners of the 2016A Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Indenture, or in regard to matters or questions arising under the Installment Purchase Agreement, as the Authority and the District may deem necessary or desirable;

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the 2016A Bonds; and

(4) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the 2016A Bonds from gross income for federal income tax purposes under the Code or the exemption of such interest from State personal income taxes.

No amendment without consent of the Owners of the 2016A Bonds may modify any of the rights or obligations of the Trustee without its written consent thereto.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

NEVADA IRRIGATION DISTRICT

By: _____
President of the Board of Directors

(SEAL)

Attest:

Secretary of the Board of Directors

NEVADA IRRIGATION DISTRICT JOINT
POWERS AUTHORITY

By: _____
President

EXHIBIT A

DESCRIPTION OF THE 2016A Project

The 2016A Project comprises the following described improvements to the District's facilities.

Combie Phase 1 Canal and Bear River Siphon Replacement Project.

- Replacement of the existing concrete canal with the installation of a single pipeline within the existing Combie Phase 1 Canal in Nevada County and the replacement of the Bear River Siphon, an aerial siphon spanning the Bear River;
- Demolition of the existing canal and siphon structures;
- Installation of approximately 9,100 linear feet of welded steel pipe and appurtenances installed on grade along the existing canal alignment.
- A new aerial siphon including approximately 900 feet of new welded steel pipeline, new towers, and appurtenances for the portion that spans the Bear River; and
- Environmental review, design, consulting, permitting and engineering costs associated with the foregoing.

Centennial Reservoir Project. Environmental review, design, consulting, permitting and preliminary engineering costs associated with the proposed construction of an 110,000 acre-foot storage reservoir.

Acquisition of Land for Mitigation. Acquisition of land and interests in land for mitigation of various District projects.

EXHIBIT B

SERIES 2016A INSTALLMENT PAYMENTS

<i>Series 2016A Installment Payment Dates (Third Business Day Prior to)</i>	<i>Amount Attributable To Principal</i>	<i>Amount Attributable To Interest</i>	<i>Total</i>
	\$	\$	\$

\$

\$

\$

EXHIBIT C

FORM OF REQUISITION NO. _____ FOR
DISBURSEMENT FROM ACQUISITION FUND

\$ _____

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting Finance Manager of the Nevada Irrigation, an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.05 of that certain Installment Purchase Agreement, dated as of March 1, 2016 (the "Installment Purchase Agreement"), by and between the District and the Nevada Irrigation District Joint Powers Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California, the undersigned hereby requests the General Manager of the District to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit 1;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit 1 has been received and is final;

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit 1, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

NEVADA IRRIGATION DISTRICT

Finance Manager

EXHIBIT 1

ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Disbursement</i>	<i>Amount</i>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

EXHIBIT D

[FORM OF SUBSTITUTION STATEMENT]

Nevada Irrigation District Joint Powers Authority
c/o Nevada Irrigation District
1036 West Main Street
Grass Valley, California 95945
Attention: Executive Director

U.S. Bank National Association
Global Corporate Trust Services
1 California Street, 10th Floor
San Francisco, California 94111
Attention: Global Corporate Trust Services

The undersigned Finance Manager of the Nevada Irrigation District (the “District”) hereby states pursuant to Section 3.05 of the Installment Purchase Agreement, dated as of March 1, 2016 (the “Installment Purchase Agreement”), by and between Nevada Irrigation District Joint Powers Authority and the District that each component of the 2016A Project (as defined in the Installment Purchase Agreement) described in the first column of Exhibit A attached hereto, with an estimated cost set forth in the second column of Exhibit A, will be replaced by the corresponding improvement described in the third column of Exhibit A with an estimated cost set forth in the fourth column of Exhibit A.

Dated: _____, 20__

Finance Manager

EXHIBIT A

<i>Components of Project to be Replaced</i>	<i>Cost of Each Component of Project to be Replaced</i>	<i>Improvements to be Substituted</i>	<i>Cost of Each Improvement to be Substituted</i>
---	---	---	---

INDENTURE OF TRUST

Dated as of March 1, 2016

By and between

**U.S. BANK NATIONAL ASSOCIATION,
as Trustee**

and the

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY

Relating to

\$ _____

**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A**

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INDENTURE OF TRUST

THE INDENTURE OF TRUST, made and entered into and dated as of March 1, 2016, by and between the NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY, a joint exercise of powers agency duly organized and existing under the Joint Exercise of Powers Agreement (as defined herein) and under the Constitution and laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, as trustee hereunder (the “Trustee”);

WITNESSETH:

WHEREAS, the Authority has been created pursuant to the Joint Exercise of Powers Agreement with the powers, among others, to issue bonds and to finance facilities on behalf of its members; and

WHEREAS, Nevada Irrigation District (the “District”), a member of the Authority, has determined that it is in the best interest of the public to finance certain improvements to its Water System with the assistance of the Authority; and

WHEREAS, the Authority is authorized pursuant to state law, including but not limited to, Section 6588(c) of the Government Code and pursuant to Sections 5 and 10 of the Joint Exercise of Powers Agreement to incur indebtedness to assist in financing such improvements and is authorized pursuant to State law, including, but not limited to Section 6588(m) of the Government Code, to assign and pledge to the repayment of such indebtedness amounts payable by its members to the Authority; and

WHEREAS, the Authority hereby finds, pursuant to Section 6586 of the Government Code, that the issuance of the bonds authorized pursuant to Section 2.01 hereof (the “2016A Bonds”) to finance the 2016A Project will have demonstrable savings in effective interest rate, bond preparation, bond underwriting or bond issuance costs; and

WHEREAS, in order to provide for the authentication and delivery of the 2016A Bonds, to establish and declare the terms and conditions upon which the 2016A Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, the Authority has authorized the execution and delivery of the Indenture; and

WHEREAS, the Authority has determined that all acts and proceedings required by law necessary to make the 2016A Bonds, when executed by the Authority, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of the Authority, and to constitute the Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of the Indenture have been in all respects duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH:

GRANTING CLAUSES

The Authority, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and

acceptance of the 2016A Bonds by the owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all 2016A Bonds at any time issued and Outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the "Trust Estate") to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of the Authority to the 2016A Bond Owners hereinafter set forth:

GRANTING CLAUSE FIRST

All right, title and interest of the Authority in and to the Authority Revenues (as defined herein), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Authority Revenues payable to or receivable by the Authority under the Constitution of this State, the Government Code and the Indenture and any other applicable laws of this State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which the Authority is or may become entitled to do thereunder, subject to the terms hereof.

GRANTING CLAUSE SECOND

All moneys and securities held in funds and accounts of the Indenture, except amounts held in the Rebate Fund, and all other rights of every name and nature from time to time herein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder to the Trustee by the Authority or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof.

GRANTING CLAUSE THIRD

All of the rights, title, and interest of the Authority in the Installment Purchase Agreement, including all rights of the Authority to receive payments thereunder and all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement) or otherwise to protect the interest of the Owners of the 2016A Bonds, subject to the terms hereof, and excepting therefrom any rights to indemnification or to receive notices thereunder.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto Trustee and its respective successors in trust and assigns forever for the benefit of the Owners and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the 2016A Bonds issued under and secured by the Indenture without privilege, priority or distinction as to the lien or otherwise of any of the 2016A Bonds over any of the other 2016A Bonds;

PROVIDED, HOWEVER, that if the Authority, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the 2016A Bonds due or to become due thereon, at the times and in the manner provided in the 2016A Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of the Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as herein provided, the Indenture and the rights hereby granted shall cease, terminate and be void; otherwise the Indenture shall remain in full force and effect.

THE INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2016A Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the Authority Revenues, hereby assigned and pledged, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Authority has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2016A Bonds, as follows:

ARTICLE I

DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 shall, for all purposes of the Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined. Unless the context otherwise requires, all capitalized terms used herein and not defined have the meanings ascribed thereto in the Installment Purchase Agreement.

Authority. The term “Authority” means the Nevada Irrigation District Joint Powers Authority, a joint exercise of powers duly organized and existing under the Joint Exercise of Powers Agreement, and under the Constitution and laws of the State.

Authority Revenues. The term “Authority Revenues” means: (a) all Series 2016A Installment Payments received by the Authority or the Trustee pursuant to or with respect to the Installment Purchase Agreement; and (b) all interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder.

Authorized Representative. The term “Authorized Representative” means with respect to the Authority, its President, Vice President, Secretary, Finance Manager or Executive Director or any other person designated as an Authorized Representative of the Authority by a Certificate of the Authority signed by its President, Vice President, Secretary, Finance Manager or Executive Director and filed with the Trustee.

Bond Counsel. The term “Bond Counsel” means Stradling, Yocca, Carlson & Rauth, a Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Year. The term “Bond Year” means the period beginning on the date of issuance of the 2016A Bonds and ending on March 1, 2017, and each successive one year period thereafter; or, during the last period prior to maturity, such shorter period thereafter until there are no Outstanding 2016A Bonds.

2016A Bonds. The term “2016A Bonds” means the Revenue Bonds, Series 2016A issued by the Authority and at any time Outstanding pursuant to the Indenture.

2016A Project. The term “2016A Project” shall have the meaning set forth in the Installment Purchase Agreement.

Business Day. The term “Business Day” means: (i) a day which is not a Saturday, Sunday or legal holiday on which banking institutions in the State, or in any other state in which the Office of the Trustee is located, are closed; or (ii) a day on which the New York Stock Exchange is not closed.

Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request” or “Requisition” of the Authority mean a written certificate, direction, request or requisition signed in the name of the Authority by its 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. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Closing Date. The term “Closing Date” means the date on which the 2016A Bonds are delivered to the original purchaser thereof.

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

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Authority and related to the authorization, issuance, sale and delivery of the 2016A Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, including but not limited to the legal fees and charges of the District’s General Counsel, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2016A Bonds and any other cost, charge or fee in connection with the original issuance of the 2016A Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

Depository; DTC. The terms “Depository” or “DTC” mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the 2016A Bonds.

District. The term “District” means the Nevada Irrigation District, an irrigation district duly organized and existing under and by virtue of the laws of the State.

Event of Default. The term “Event of Default” means any of the events specified in Section 7.01.

Federal Securities. The term “Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Government Code. The term “Government Code” means the Government Code of the State.

Indenture. The term “Indenture” means this Indenture of Trust, dated as of March 1, 2016, by and between the Authority and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may specify in a Certificate to the Authority and the Trustee as the Trustee may select.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of March 1, 2016, by and between the Authority and the District, as amended from time to time.

Interest Account. The term “Interest Account” means the account by that name in the Revenue Fund established pursuant to Section 5.01.

Interest Payment Date. The term “Interest Payment Date” means March 1 and September 1 of each year, commencing [September 1, 2016].

Investment Agreement. The term “Investment Agreement” means an investment agreement supported by appropriate opinions of counsel, provided that the guarantor thereof is rated at least “AA”, “Aa” or “AA” by two of S&P, Moody’s or Fitch, respectively, and as further described in the definition of “Permitted Investments.”

Joint Exercise of Powers Agreement. The term “Joint Exercise of Powers Agreement” means that certain Joint Exercise of Powers Agreement, dated as of November 1, 2011, by and between the District and California Municipal Finance Authority, a public body, corporate and politic, duly organized and existing under the laws of the State, as amended from time to time.

Letter of Representations. The term “Letter of Representations” means the letter of the Authority delivered to and accepted by the Depository on or prior to delivery of the 2016A Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from the Authority delivered to and accepted by the Depository.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc. or any successor thereto.

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

Office. The term “Office” means with respect to the Trustee, the principal corporate trust office of the Trustee in San Francisco, California, or at such other or additional offices as may be specified in writing by the Trustee to the Authority, except that with respect to presentation of 2016A Bonds for payment or for registration of transfer and exchange such term means the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, initially in St. Paul, Minnesota.

Opinion of Counsel. The term “Opinion of Counsel” means a written opinion of counsel (including but not limited to counsel to the Authority) selected by the Authority. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to 2016A Bonds, means (subject to the provisions of Section 11.09) all 2016A Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except: (i) 2016A Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2016A Bonds with respect to which all liability of the Authority shall have been discharged in accordance with Section 10.02, including 2016A Bonds (or portions thereof) described in Section 11.10; and (iii) 2016A Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2016A Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

Owner; 2016A Bond Owner. The term “Owner” or “2016A Bond Owner,” whenever used herein with respect to a 2016A Bond, means the person in whose name the ownership of such 2016A Bond is registered on the Registration Books.

Participants. The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which the Depository holds book-entry certificates as securities depository.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein. The Trustee is permitted to conclusively rely upon the written investment direction of the Authority as a representation that such investment constitutes a legal investment under the laws of the State.

(A) for all purposes, including: (i) as defeasance investments in refunding escrow accounts; and (ii) for the purpose of investing (and receiving premium credit for) accrued and capitalized interest: (1) cash; or (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America; and

(B) for all purposes other than: (i) defeasance investments in refunding escrow accounts; and (ii) investing (and receiving credit for) accrued and capitalized interest: (1) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including the Export-Import Bank; Farmers Home Administration; General Services Administration; U.S. Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); U.S. Department of Housing & Urban Development (PHAs); Federal Housing Administration; Federal Home Loan Bank (FHLB); and Federal Farm Credit Bank (FFCB); (2) bonds, notes or other evidences of indebtedness rated “AAA” and “Aaa” by the applicable Rating Agency issued by the Federal National Mortgage Association or

the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years; (3) U.S. dollar denominated deposit accounts, certificates of deposit, federal funds and banker's acceptances with domestic commercial banks, which may include the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "A-1" or "A-1+" by S&P and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank); (4) commercial paper which is rated at the time of purchase in the single highest classification, "A-1+" by S&P and "P-1" by Moody's and which matures not more than 270 days after the date of purchase; (5) investments in a money market fund rated "AAm", "AAm-G", "AAAm" or "AAAm-G" or better by S&P, including funds for which the Trustee or its affiliates provide investment advisory or other management services; (6) 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 and which are rated, based on the escrow, in the highest rating category of S&P and Moody's, or any successor thereto; (7) any Investment Agreement; (8) the Local Agency Investment Fund of the State of California; and (9) any other investment permitted by law, including California Government Code Section 53601; provided that any such obligations shall not have a maturity in excess of five years.

Principal Account. The term "Principal Account" means the account by that name in the Revenue Fund established pursuant to Section 5.01.

Rating. The term "Rating" means any currently effective rating on the 2016A Bonds issued by a Rating Agency.

Rating Agencies. The term "Rating Agencies" means S&P and Fitch.

Rebate Fund. The term "Rebate Fund" means the fund by that name established pursuant to Section 5.07.

Record Date. The term "Record Date" means, with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Date. The term "Redemption Date" means the date fixed for an optional redemption prior to maturity of the 2016A Bonds.

Redemption Fund. The term "Redemption Fund" means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term "Redemption Price" means, with respect to any 2016A Bond (or portion thereof), the principal amount of such 2016A Bond (or portion) plus the interest accrued to the applicable Redemption Date.

Registration Books. The term "Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2016A Bonds pursuant to Section 2.05.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of the Indenture.

Revenue Fund. The term “Revenue Fund” means the fund by that name established pursuant to Section 5.01(c).

S&P. The term “S&P” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business, or any successor thereto.

Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Authority may designate in a Request of the Authority deliver to the Trustee.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture hereafter duly authorized and entered into between the Authority and the Trustee, supplementing, modifying or amending the Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the 2016A Bonds issued by the Authority on the date of issuance of the 2016A Bonds, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, or its successor, as Trustee hereunder as provided in Section 8.01.

Value. The term “Value” which shall be determined as of the end of each month, means that the value of any investments shall be calculated as follows:

(a) for the purpose of determining the amount of any fund, all Permitted Investments credited to such fund shall be valued at fair market value. The Trustee shall determine the fair market value based on accepted industry standards and from accepted industry providers. Accepted industry providers shall include, but are not limited to, pricing services provided by Financial Times Interactive Data Corporation, Bank of America Merrill Lynch and Morgan Stanley Smith Barney.

(b) As to certificates of deposit and bankers’ acceptances, the face amount thereof, plus accrued interest.

(c) As to any investment not specified above, the value thereof shall be established by prior agreement between the Authority and the Trustee.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in the Indenture except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (a) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (c) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (d) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (e) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Authority may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an Independent Certified Public Accountant, unless such officer knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an Independent Certified Public Accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Authority) upon a certificate or opinion of or representation by an officer of the Authority, unless such counsel or Independent Certified Public Accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such person's certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Authority, or the same counsel or Independent Certified Public Accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of the Indenture, but different officers, counsel or Independent Certified Public Accountants may certify to different matters, respectively.

Section 1.03. Interpretation.

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

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

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

ARTICLE II

THE 2016A BONDS

Section 2.01. Authorization of 2016A Bonds. The Authority hereby authorizes the issuance hereunder from time to time of the 2016A Bonds, which shall constitute special obligations of the Authority, for the purpose of financing the 2016A Project. The 2016A Bonds are hereby designated the “Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A” in the aggregate principal amount of \$_____. The Indenture constitutes a continuing agreement with the Owners from time to time of the 2016A Bonds to secure the full payment of the principal of and interest and premium (if any) on all the 2016A Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2016A Bonds. The 2016A Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2016A Bonds shall mature on March 1 in each of the years and in the amounts set forth below and shall bear interest on each Interest Payment Date at the rates set forth below:

<i>Maturity Date</i> <i>(March 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>
	\$	%

Interest on the 2016A Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date. Principal of and premium (if any) on any 2016A Bond shall be paid by check of the Trustee upon

presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2016A Bonds shall be payable in lawful money of the United States of America.

Each 2016A Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before [August 15, 2016], in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any 2016A Bond, interest thereon is in default, such 2016A Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Interest on the 2016A Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2016A Bonds. Any 2016A Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2016A Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any 2016A Bond during the period in which the Trustee is selecting 2016A Bonds for redemption and any 2016A Bond that has been selected for redemption.

Whenever any 2016A Bond or 2016A Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new 2016A Bond or 2016A Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the 2016A Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2016A Bonds, the Trustee will cancel and destroy the 2016A Bonds it has received.

Section 2.04. Exchange of 2016A Bonds. 2016A Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any 2016A Bond during the period in which the Trustee is selecting 2016A Bonds for redemption and any 2016A Bond that has been selected for redemption. The Trustee shall require the 2016A Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2016A Bonds, the Trustee will cancel and destroy the 2016A Bonds it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2016A Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by the Authority, the District and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2016A Bonds as hereinbefore provided.

The person in whose name any 2016A Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of by such 2016A Bonds shall be made only to or upon the order in writing of such

registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such 2016A Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of 2016A Bonds. The 2016A Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2016A Bonds shall be executed in the name and on behalf of the Authority with the manual or facsimile signature of its President, attested by the manual or facsimile signature of its Secretary. The 2016A Bonds may carry a seal, and such seal may be in the form of a facsimile of the Authority's seal and may be reproduced, imprinted or impressed on the 2016A Bonds. The 2016A Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the 2016A Bonds shall cease to be such officer or officers of the Authority before the 2016A Bonds so signed or attested shall have been authenticated or delivered by the Trustee, or issued by the Authority, such 2016A Bonds 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, and also any 2016A Bonds may be signed and attested on behalf of the Authority by such persons as at the actual date of execution of such 2016A Bonds shall be the proper officers of the Authority although at the nominal date of such 2016A Bonds any such person shall not have been such officer of the Authority.

Only such of the 2016A Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the 2016A Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Indenture.

Section 2.07. 2016A Bonds Mutilated, Lost, Destroyed or Stolen. If any 2016A Bond shall become mutilated, the Authority, at the expense of the Owner of said 2016A Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2016A Bond of like tenor, series and authorized denomination in exchange and substitution for the 2016A Bonds so mutilated, but only upon surrender to the Trustee of the 2016A Bond so mutilated. Every mutilated 2016A Bond so surrendered to the Trustee shall be canceled by it and upon the written request of the Authority delivered to, or upon the order of, the Authority. If any 2016A Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2016A Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2016A Bond so lost, destroyed or stolen (or if any such 2016A Bond shall have matured or shall be about to mature, instead of issuing a substitute 2016A Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2016A Bond issued under this Section and of the expenses which may be incurred by the Authority and the Trustee in the premises. Any 2016A Bond issued under the provisions of this Section in lieu of any 2016A Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the 2016A Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other 2016A Bonds secured by the Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2016A Bond for a 2016A Bond which has been mutilated, lost, destroyed or stolen and which has

matured or has been selected for redemption, the Trustee may make payment of such 2016A Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 2016A Bonds, the Authority may provide that such 2016A Bonds shall be initially issued as book entry 2016A Bonds. If the Authority shall elect to deliver any 2016A Bonds in book entry form, then the Authority shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2016A Bonds in an authorized denomination corresponding to that total principal amount of the 2016A Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2016A Bond shall be registered in the 2016A Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2016A Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book entry 2016A Bonds, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry 2016A Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry 2016A Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2016A Bond Registration Books, of any notice with respect to book entry 2016A Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2016A Bonds to be redeemed in the event the Authority redeems the 2016A Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry 2016A Bonds. The Authority and the Trustee may treat and consider the person in whose name each book entry 2016A Bond is registered in the 2016A Bond Registration Books as the absolute Owner of such book entry 2016A Bond for the purpose of payment of principal of, premium and interest on such 2016A Bond, for the purpose of giving notices of redemption and other matters with respect to such 2016A Bond, for the purpose of registering transfers with respect to such 2016A Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the 2016A Bonds only to or upon the order of the respective Owner, as shown in the 2016A Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the 2016A Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2016A Bond Registration Books, shall receive a 2016A Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2016A Bonds. Upon delivery by the Depository to the Authority and the Trustee, of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2016A Bonds for the Depository's book entry system, the Authority shall execute and deliver to the Depository a Letter of Representations, if required by the Depository. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to persons having interests in such book entry 2016A Bonds other

than the Owners, as shown on the 2016A Bond Registration Books. By executing a Letter of Representations, the Authority shall agree to cause the Trustee to take all action necessary at all times so that the Authority will be in compliance with all representations of the Authority in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, the Authority and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify book entry 2016A Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as securities depository for book entry 2016A Bonds; or (ii) the Authority determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2016A Bonds or the Authority, then the Authority will discontinue the book entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully registered 2016A Bond for each of the maturity dates of such book entry 2016A Bonds, registered in the name of such successor or substitute qualified securities depository or its Nominee as provided in subsection (e) hereof. If the Authority fails to identify another qualified securities depository to replace the Depository, then the 2016A Bonds shall no longer be restricted to being registered in such 2016A Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2016A Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of the Indenture to the contrary, so long as all Outstanding 2016A Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2016A Bond and all notices with respect to such 2016A Bond shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of 2016A Bonds to Substitute Depository.

(i) The 2016A Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such 2016A Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the Authority that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository;

or (2) a determination by the Authority that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2016A Bonds by the Trustee, together with a written request of the Authority to the Trustee designating the Substitute Depository, a single new 2016A Bond, which the Authority shall prepare or cause to be prepared, shall be issued for each maturity of 2016A Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the Authority. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2016A Bonds by the Trustee, together with a written request of the Authority to the Trustee, new 2016A Bonds, which the Authority shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such written request of the Authority, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new 2016A Bonds within a period of less than sixty (60) days from the date of receipt of such written request from the Authority.

(iii) In the case of a partial redemption or an advance refunding of any 2016A Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such 2016A Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the outstanding principal amount of such 2016A Bonds shall be controlling.

(iv) The Authority and the Trustee shall be entitled to treat the person in whose name any 2016A Bond is registered as the Owner thereof for all purposes of the Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the Authority; and the Authority and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2016A Bonds. Neither the Authority nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2016A Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2016A Bonds.

ARTICLE III

ISSUANCE OF 2016A BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2016A Bonds. At any time after the execution of the Indenture, the Authority may execute and the Trustee shall authenticate and, upon Request of the Authority, deliver the 2016A Bonds in the aggregate principal amount of \$_____.

Section 3.02. Application of Proceeds of the 2016A Bonds. The proceeds received from the sale of the 2016A Bonds, shall be deposited in trust with the Trustee, who shall apply such proceeds as follows:

(a) The Trustee shall deposit the amount of \$_____ from the proceeds of the 2016A Bonds in the Costs of Issuance Fund.

(b) The Trustee shall transfer the amount of \$_____ from the proceeds of the 2016A Bonds to the District for deposit by the District into the Acquisition Fund created under the Installment Purchase Agreement to finance a portion of the costs of the 2016A Project.

The Trustee may establish temporary funds and accounts to record and facilitate such deposit and transfer.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of the Authority stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the issuance of the 2016A Bonds, or upon the earlier Request of the Authority, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the Interest Account and the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Cost of Issuance Fund shall be applied in accordance with Section 5.06 hereof.

Section 3.04. Validity of 2016A Bonds. The validity of the authorization and issuance of the 2016A Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Authority, the District or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the 2016A Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption.

(a) The 2016A Bonds with stated maturities on or after March 1, 20__ shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written Request to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the sole convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

(b) The 2016A Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2016A Installment Payments made by the District from Net Proceeds, upon the terms and conditions of, and as provided for in, Section 7.01 of the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium.

Section 4.02. Selection of 2016A Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the 2016A Bonds, the Trustee shall select the 2016A Bonds for redemption as a whole or in part on any date as directed by the Authority and by lot within each maturity in integral multiples of \$5,000 in accordance with Section 4.01 hereof. The Trustee will promptly notify the Authority in writing of the numbers of the 2016A Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be mailed by first class mail not less than thirty (30) days before any Redemption Date, to the respective Owners of any 2016A Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided that such notice may be cancelled by the Authority upon written request delivered to the Trustee not less than five (5) days prior to such Redemption Date. Each notice of redemption shall state the date of notice, the redemption date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2016A Bonds of any such maturity are to be redeemed, the serial numbers of the 2016A Bonds of such maturity to be redeemed by giving the individual number of each 2016A Bond or by stating that all 2016A Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2016A Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the redemption date there will become due and payable on each of said 2016A Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2016A Bond to be redeemed in part only, together with, interest accrued thereon to the redemption date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such redemption date interest thereon shall cease to accrue, and shall require that such 2016A Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2016A Bond. Notice of redemption of 2016A Bonds shall be given by the Trustee, at the expense of the Authority, for and on behalf of the Authority.

With respect to any notice of optional redemption of 2016A Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of, premium, if any, and interest on such 2016A Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2016A Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04. Partial Redemption of 2016A Bonds. Upon surrender of any 2016A Bond redeemed in part only, the Authority shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of the Authority, a new 2016A Bond or 2016A Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2016A Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the redemption price of, together with interest accrued to the date fixed for redemption on, the 2016A Bonds (or portions thereof) so called for redemption being held by the Trustee, on the redemption date designated in such notice, the 2016A Bonds (or portions

thereof) so called for redemption shall become due and payable, interest on the 2016A Bonds so called for redemption shall cease to accrue, said 2016A Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Indenture, and the Owners of said 2016A Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof. The Trustee shall, upon surrender for payment of any of the 2016A Bonds to be redeemed on their Redemption Dates, pay such 2016A Bonds at the Redemption Price.

All 2016A Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

ARTICLE V

REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

Section 5.01. Pledge and Assignment; Revenue Fund.

(a) All of the Authority Revenues and any other amounts (including proceeds of the sale of the 2016A Bonds) held in any fund or account established pursuant to the Indenture (except the Rebate Fund) are hereby irrevocably pledged to secure the payment of the principal of and interest, and the premium, if any, on the 2016A Bonds in accordance with their terms and the provisions of the Indenture, subject only to the provisions of the Indenture permitting the terms and conditions set forth herein. Said pledge shall constitute a lien on and security interest in such amounts and shall attach, be perfected and be valid and binding from and after the Closing Date, without any physical delivery thereof or further act and shall be valid and binding against all parties having claims of any kind in tort, contract or otherwise against the Authority, irrespective of whether such parties have notice hereof.

(b) The Authority, for good and valuable consideration in hand received, does hereby irrevocably assign and transfer to the Trustee without recourse, for the benefit of the Owners of the 2016A Bonds as set forth herein, all of its rights, title, and interest in all Series 2016A Installment Payments payable by the District pursuant to the Installment Purchase Agreement, including all rights of the Authority thereunder as may be necessary to enforce compliance with said provisions (including enforcement of payment obligations and rate covenants, if any, contained in the Installment Purchase Agreement, or otherwise to protect the interest of the Owners of the 2016A Bonds. Such assignment shall be subject to and limited by the terms of the Indenture.

(c) There is hereby established with the Trustee the Revenue Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Series 2016A Installment Payments remain unpaid. Except as directed in Section 5.06 and 5.07, all Authority Revenues shall be promptly deposited by the Trustee upon receipt thereof into the Revenue Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All Authority Revenues deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in the Indenture. The Trustee shall also create and maintain an Interest Account and a Principal Account within the Revenue Fund.

Section 5.02. Allocation of Authority Revenues. The Trustee shall transfer from the Revenue Fund and deposit into the following respective accounts, the following amounts in the

following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Authority Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the third Business Day preceding each date on which the interest on the 2016A Bonds shall become due and payable hereunder, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such date on all 2016A Bonds then Outstanding.

(b) Not later than the third Business Day preceding each date on which the principal of the 2016A Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2016A Bonds coming due and payable on such date.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2016A Bonds as it shall become due and payable (including accrued interest on any 2016A Bonds purchased or accelerated prior to maturity pursuant to the Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2016A Bonds at maturity, purchase or acceleration.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and accrued interest on the 2016A Bonds to be redeemed on any Redemption Date pursuant to Section 4.01.

Section 5.06. Investments. All moneys in any of the funds or accounts established with the Trustee pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments. Such investments shall be directed by the Authority pursuant to a Request of the Authority filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). In the absence of any such directions from the Authority, the Trustee shall invest any such moneys in Permitted Investments described in clause (B)(5) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a written direction from the District specifying a specific money market fund and, if no such written direction from the District is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Interest Account unless otherwise provided in the Indenture. For purposes of acquiring any investments hereunder, the Trustee may commingle funds (other than the Rebate Fund) held by it hereunder upon the Request of the Authority. The Trustee

may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.06.

The Authority acknowledges that to the extent that 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 Trustee will furnish the Authority periodic cash transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under the Indenture.

The Authority shall invest, or cause to be invested, all monies in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately. In making any valuations of investments hereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those available through the Trustee accounting system.

Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish a separate fund for the 2016A Bonds designated the “Rebate Fund.” Absent an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the 2016A Bonds will not be adversely affected, the Authority shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the 2016A Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the 2016A Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions thereof if it follows all Requests of the Authority; and (ii) shall have no liability or responsibility to enforce compliance by the Authority with the terms of the Tax Certificate; and (iii) may rely conclusively on the Authority’s calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review the Authority’s calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each Bond Year (as such term is defined in the Tax Certificate), the Authority shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the

election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “1½% Penalty”) has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “Rebatable Arbitrage”). The Authority shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Bond Year, upon the written Request of the Authority, an amount shall be deposited to the Rebate Fund by the Trustee from any Authority Revenues legally available for such purpose (as specified by the Authority in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) of this subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the Authority, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Revenue Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all the 2016A Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T (prepared by the Authority), or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the 2016A Bonds and the payments described in subsection (a) above being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the 2016A Bonds.

Section 5.08. Application of Funds and Accounts When No 2016A Bonds are Outstanding. On the date on which all 2016A Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to

the Indenture shall be withdrawn by the Trustee and paid to the Authority for distribution in accordance with the Installment Purchase Agreement.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Authority shall punctually pay or cause to be paid the principal and interest to become due in respect of all the 2016A Bonds, in strict conformity with the terms of the 2016A Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Authority Revenues and other assets pledged for such payment as provided in the Indenture.

Section 6.02. Extension of Payment of 2016A Bonds. The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2016A Bonds or the time of payment of any claims for interest by the purchase of such 2016A Bonds or by any other arrangement, and in case the maturity of any of the 2016A Bonds or the time of payment of any such claims for interest shall be extended, such 2016A Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of the Indenture, except subject to the prior payment in full for the principal of all of the 2016A Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Authority to issue 2016A Bonds for the purpose of refunding any Outstanding 2016A Bonds, and such issuance shall not be deemed to constitute an extension of maturity of 2016A Bonds.

Section 6.03. Against Encumbrances. The Authority shall not create, or permit the creation of, any pledge, lien, charge or other encumbrances upon the Authority Revenues and other assets pledged or assigned under the Indenture while any of the 2016A Bonds are Outstanding, except the pledge and assignment created by the Indenture. Subject to this limitation, the Authority expressly reserves the right to enter into one or more other indentures for any of its corporate purposes, including other programs under the Joint Exercise of Powers Agreement, and reserves the right to issue other obligations for such purposes.

Section 6.04. Power to Issue 2016A Bonds and Make Pledge and Assignment. The Authority is duly authorized pursuant to law to issue the 2016A Bonds and to enter into the Indenture and to pledge and assign the Authority Revenues and other assets purported to be pledged and assigned under the Indenture in the manner and to the extent provided in the Indenture. The 2016A Bonds and the provisions of the Indenture are and will be the legal, valid and binding special obligations of the Authority in accordance with their terms, and the Authority and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Authority Revenues and other assets and all the rights of the 2016A Bond Owners under the Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of 2016A Bonds, the Authority Revenues and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be

available for inspection by the Authority and the District upon reasonable prior notice during business hours and under reasonable circumstances.

Section 6.06. Tax Covenants. Notwithstanding any other provision of the Indenture, absent an opinion of Bond Counsel that the exclusion from gross income of the portion of interest on the 2016A Bonds will not be adversely affected for federal income tax purposes, the Authority covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the 2016A Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The Authority will take no action or refrain from taking any action or make any use of the proceeds of the 2016A Bonds or of any other moneys or property which would cause the 2016A Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. The Authority will make no use of the proceeds of the 2016A Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the 2016A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The Authority will make no use of the proceeds of the 2016A Bonds or take or omit to take any action that would cause the 2016A Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the 2016A Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The Authority will make no use of the proceeds of the 2016A Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause either the 2016A Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless the Authority takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the 2016A Bonds for federal income tax purposes; and

(f) Miscellaneous. The Authority will take no action or refrain from taking any action inconsistent with its expectations stated in that certain Tax Certificate executed by the Authority in connection with the issuance of the 2016A Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the Authority from causing the Trustee to issue Bonds other than the 2016A Bonds or to execute and deliver Contracts payable on a parity with the 2016A Bonds, the interest with respect to which has been determined by Bond Counsel to be subject to federal income taxation.

Section 6.07. Payments Under Installment Purchase Agreement. The Authority shall promptly collect all Series 2016A Installment Payments due from the District pursuant to the

Installment Purchase Agreement and, subject to the provisions of Article VIII, shall enforce, and take all steps, actions and proceedings which the Authority or the Trustee determines to be reasonably necessary for the enforcement of all of the obligations of the District thereunder.

The Authority shall not enter into any amendments to the Installment Purchase Agreement except as permitted therein. The Trustee shall give written consent only if: (a) such amendment, modification or termination will not materially adversely affect the interests of the 2016A Bond Owners; or (b) the Trustee first obtains the written consent of the Owners of a majority in aggregate principal amount of the 2016A Bonds then Outstanding to such amendment, modification or termination.

Section 6.08. Waiver of Laws. The Authority shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in the Indenture or in the 2016A Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Authority to the extent permitted by law.

Section 6.09. Further Assurances. The Authority will make, execute and deliver any and all such further indentures, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the 2016A Bonds of the rights and benefits provided in the Indenture.

Section 6.10. Eminent Domain. If all or any part of the 2016A Project shall be taken by eminent domain proceedings (or sold to a government entity threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.16 of the Installment Purchase Agreement.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default hereunder:

(a) Default by the Authority in the due and punctual payment of the principal of any 2016A Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration, or otherwise.

(b) Default by the Authority in the due and punctual payment of any installment of interest on any 2016A Bonds when and as the same shall become due and payable.

(c) Default by the Authority in the observance of any of the other covenants, agreements or conditions on its part in the Indenture or in the 2016A Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof specifying such default and requiring the same to be remedied shall have been given to the Authority by the Trustee or by the Owners of not less than a majority in aggregate principal amount of 2016A Bonds Outstanding; provided, however, that if in the reasonable opinion of the Authority the default stated in the notice can be corrected, but not within such sixty (60) day period, and corrective action is

instituted by the Authority within such sixty (60) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder.

(d) The Authority shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the Authority seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the Authority or of the whole or any substantial part of its property.

(e) An Event of Default shall occur under the Installment Purchase Agreement.

Section 7.02. Remedies Upon Event of Default. If any Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee may, and, at the written direction of the Owners of not less than a majority in aggregate principal amount of the 2016A Bonds at the time Outstanding, shall, in each case, upon notice in writing to the Authority and the District, declare the principal of all of the 2016A Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Indenture or in the 2016A Bonds contained to the contrary notwithstanding.

Nothing contained in the Indenture shall permit or require the Trustee or the Authority to accelerate payments due under the Installment Purchase Agreement if the District, which is a party to such Installment Purchase Agreement, is not in default of its obligation thereunder.

Any such declaration is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Authority or the District shall deposit with the Trustee a sum sufficient to pay all the principal of and installments of interest on the 2016A Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective 2016A Bonds to the extent permitted by law, and the reasonable charges and expenses of the Trustee, and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the 2016A Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case the Trustee shall on behalf of the Owners of all of the 2016A Bonds, rescind and annul such declaration and its consequences and waive such Event of Default; but no such rescission and annulment shall extend to or shall affect any subsequent Event of Default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03. Application of Authority Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Authority Revenues and any other funds then held or thereafter received by the Trustee under any of the provisions of the Indenture (other than amounts held in the Rebate Fund) shall be applied by the Trustee as follows and in the following order:

(i) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the 2016A Bonds and payment of reasonable fees

and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(ii) To the payment of the principal of and interest then due on the 2016A Bonds (upon presentation of the 2016A Bonds to be paid, and stamping or otherwise noting thereon of the payment if only partially paid, or surrender thereof if fully paid) in accordance with the provisions of the Indenture, in the following order of priority:

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal of any 2016A Bonds which shall have become due, whether at maturity or by acceleration or redemption, with interest on the overdue principal at the rate of eight percent (8%) per annum, and, if the amount available shall not be sufficient to pay in full all the 2016A Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the persons entitled thereto, without any discrimination or preference; and

Third: If there shall exist any remainder after the foregoing payments, such remainder shall be paid to the Authority.

Section 7.04. Trustee to Represent 2016A Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2016A Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2016A Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2016A Bonds or the Indenture and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2016A Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2016A Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2016A Bonds or the Indenture or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Authority Revenues and other assets pledged under the Indenture, pending such proceedings. All rights of action under the Indenture or the 2016A Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2016A Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2016A Bonds, subject to the provisions of the Indenture.

Section 7.05. 2016A Bond Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2016A

Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2016A Bond Owners not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any 2016A Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Installment Purchase Agreement, the Joint Exercise of Powers Agreement or any other applicable law with respect to such 2016A Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than twenty five percent (25%) in aggregate principal amount of the 2016A Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2016A Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2016A Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2016A Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of 2016A Bonds, or to enforce any right under the 2016A Bonds, the Indenture, the Installment Purchase Agreement, the Joint Exercise of Powers Agreement or other applicable law with respect to the 2016A Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2016A Bonds, subject to the provisions of the Indenture.

Section 7.07. Absolute Obligation of the Authority. Nothing in this Section 7.07 or in any other provision of the Indenture or in the 2016A Bonds contained shall affect or impair the obligation of the Authority, which is absolute and unconditional, to pay the principal of and interest on the 2016A Bonds to the respective Owners of the 2016A Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Authority Revenues and other assets herein pledged therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2016A Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2016A Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2016A Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

ARTICLE VIII

THE TRUSTEE

Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture and no implied covenants or duties shall be read into the Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) The Authority may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee 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 principal amount of the 2016A Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee 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 Trustee and thereupon shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to the Authority and by giving the 2016A Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, the Authority shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within forty five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2016A Bond Owner (on behalf of himself and all other 2016A Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Request of the Authority or the request of the successor Trustee, such predecessor Trustee 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 Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the Authority shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Authority shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each rating agency which is then rating the 2016A Bonds and to the 2016A Bond Owners at the addresses shown on the Registration Books. If the Authority fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Authority.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Seventy Five Million Dollars (\$75,000,000), and subject to supervision or examination for federal or state authority. If such bank, banking association 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 trust company, banking association or bank 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 Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, banking association or bank shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the 2016A Bonds contained shall be taken as statements of the Authority, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture, the 2016A Bonds or the Installment Purchase Agreement, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the 2016A Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2016A Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2016A Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a

member of, or in any other capacity with respect to, any committee formed to protect the rights of 2016A Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2016A Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for herein) in aggregate principal amount of the 2016A Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or under the Installment Purchase Agreement or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder or under the Installment Purchase Agreement unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by the Authority or the Owners of not less than twenty five percent (25%) of the 2016A Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by the Authority or the District of any of the terms, conditions, covenants or agreements herein, or under the Installment Purchase Agreement, of any of the documents executed in connection with the 2016A Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of the Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of Owners pursuant to the Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy.

(h) Whether or not herein expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(i) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2016A Bonds.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The Trustee may execute any of the trusts or powers of the Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the 2016A Project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Authority agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(n) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

(o) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it hereby at the request, order or direction of any of the Owners pursuant to the provisions hereof unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

(p) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(q) The Trustee shall have no responsibility or liability with respect to any information, statements or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of the 2016A Bonds.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be 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.

The Trustee may treat the Owners of the 2016A Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2016A Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by the Indenture the Trustee 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, Request or Requisition of the Authority, and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in their respective possession and shall be subject at all reasonable times to the inspection of the Authority, the District and any 2016A Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. The Authority shall pay to the Trustee from time to time all reasonable compensation for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Indenture.

The Authority shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred without negligence or bad faith on its part, arising out of or in connection with the execution of the Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the obligations

of the Authority under this Section 8.06 shall survive removal or resignation of the Trustee hereunder or the discharge of the 2016A Bonds and the Indenture.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted.

(a) The Indenture and the rights and obligations of the Authority and of the Owners of the 2016A Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, which the Authority and the Trustee may enter into when the written consent of the Owners of a majority in aggregate principal amount of all 2016A Bonds then Outstanding, exclusive of 2016A Bonds disqualified as provided in Section 11.09 hereof, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the fixed maturity of any 2016A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each 2016A Bond so affected; or (2) reduce the aforesaid percentage of 2016A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted herein, or deprive the Owners of the 2016A Bonds of the lien created by the Indenture on such Authority Revenues and other assets except as permitted herein, without the consent of the Owners of all of the 2016A Bonds then Outstanding. It shall not be necessary for the consent of the 2016A Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2016A Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) The Indenture and the rights and obligations of the Authority, the Trustee and the Owners of the 2016A Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any 2016A Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding 2016A Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2016A Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon the Authority;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the

Indenture, or in regard to matters or questions arising under the Indenture, as the Authority may deem necessary or desirable;

(3) to modify, amend or supplement the Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereunder in effect, and to add such other terms conditions and provisions as may be permitted by said act or similar federal statute; and

(4) to modify, amend or supplement the Indenture in such manner as to cause interest on the 2016A Bonds to remain excludable from gross income under the Code.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of the Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the exclusion of interest on the 2016A Bonds from federal income taxation and from state income taxation.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and all Owners of 2016A Bonds Outstanding shall thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 9.03. Endorsement of 2016A Bonds; Preparation of New 2016A Bonds. 2016A Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines, shall, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2016A Bonds Outstanding at the time of such execution and presentation of his or her 2016A Bonds for the purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such 2016A Bonds. If the Supplemental Indenture shall so provide, new 2016A Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand on the Owners of any 2016A Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2016A Bond Owner, for 2016A Bonds then Outstanding, upon surrender for cancellation of such 2016A Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular 2016A Bonds. The provisions of this Article shall not prevent any 2016A Bond Owner from accepting any amendment as to the particular 2016A Bonds held by him.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. The 2016A Bonds may be paid by the Authority in any of the following ways, provided that the Authority also pays or causes to be paid any other sums payable hereunder by the Authority:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on the 2016A Bonds, as and when the same become due and payable;
- (b) by depositing with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all 2016A Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the 2016A Bonds then Outstanding.

If the Authority shall also pay or cause to be paid all other sums payable hereunder by the Authority, then and in that case, at the election of the Authority (as evidenced by a Certificate of the Authority, filed with the Trustee, signifying the intention of the Authority to discharge all such indebtedness and the Indenture), and notwithstanding that any 2016A Bonds shall not have been surrendered for payment, the Indenture and the pledge of Authority Revenues and other assets made under the Indenture and all covenants, agreements and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Request of the Authority, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to the Indenture which are not required for the payment or redemption of 2016A Bonds not theretofore surrendered for such payment or redemption to the Authority.

Section 10.02. Discharge of Liability on 2016A Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding 2016A Bonds (whether upon or prior to the maturity or the redemption date of such 2016A Bonds), provided that, if such Outstanding 2016A Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of the Authority in respect of such 2016A Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

The Authority may at any time surrender to the Trustee for cancellation by it any 2016A Bonds previously issued and delivered, which the Authority may have acquired in any manner whatsoever, and such 2016A Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in the Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities

in the necessary amount to pay or redeem any 2016A Bonds, the money or securities so to be deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to the Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2016A Bonds and all unpaid interest thereon to maturity, except that, in the case of 2016A Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such 2016A Bonds and all unpaid interest and premium, if any, thereon to the redemption date; or

(b) Federal Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with the Authority and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the redemption date (with premium, if any), as the case may be, on the 2016A Bonds to be paid or redeemed, as such principal, interest and premium, if any, become due, provided that in the case of 2016A Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of the Indenture or by Request of the Authority) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2016A Bonds; and (ii) the Authority shall have delivered to the Trustee an opinion of Bond Counsel addressed to the Authority and the Trustee to the effect that such 2016A Bonds have been discharged in accordance with the Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above).

Section 10.04. Payment of 2016A Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2016A Bonds and remaining unclaimed for two (2) years after the principal of all of the 2016A Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in the Indenture), 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 2016A Bonds became due and payable, shall be repaid to the Authority free from the trusts created by the Indenture upon receipt of an indemnification agreement acceptable to the Authority and the Trustee indemnifying the Trustee with respect to claims of Owners of 2016A Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee shall at the written direction of the Authority (at the cost of the Authority) first mail to the Owners of 2016A Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2016A Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Authority Limited to Authority Revenues. Notwithstanding anything in the Indenture or the 2016A Bonds, the Authority shall not be required to advance any moneys derived from any source other than the Authority Revenues and other moneys pledged under the Indenture for any of the purposes in the Indenture mentioned, whether for the payment of the principal of or interest on the 2016A Bonds or for any other purpose of the Indenture. Nevertheless, the Authority may, but shall not be required to, advance for any of the purposes hereof any funds of the Authority which may be made available to it for such purposes.

The 2016A Bonds are not a debt of the members of the Authority, the State or any of its political subdivisions (other than the Authority) and neither the members of the Authority, said State nor any of its political subdivisions (other than the Authority) is liable herein. The District shall have no liability or obligation herein except with respect to Series 2016A Installment Payments payable under the Installment Purchase Agreement.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Authority or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and 2016A Bond Owners. Nothing in the Indenture or in the 2016A Bonds expressed or implied is intended or shall be construed to give to any person other than the Authority, the Trustee, the District and the Owners of the 2016A Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Authority, the Trustee, the District and the Owners of the 2016A Bonds.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in the Indenture 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. Whenever in the Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of 2016A Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any 2016A Bonds, the Trustee shall destroy such 2016A Bonds as may be allowed by law, and deliver a certificate of such destruction to the Authority.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in the Indenture or in the 2016A Bonds 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 the Indenture and such invalidity, illegality or unenforceability

shall not affect any other provision of the Indenture, and the Indenture 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 entered into the Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2016A Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon the Authority or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by telex or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to the Authority, c/o Nevada Irrigation District, 1036 West Main Street, Grass Valley, California 95945, Attention: Finance Manager (or such other address as may have been filed in writing by the Authority with the Trustee), or to the Trustee at its Office by first class mail. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of 2016A Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by 2016A Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2016A Bond 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, or of the holding by any person of 2016A Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Trustee and the Authority if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The Ownership of 2016A Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2016A Bond shall bind every future Owner of the same 2016A Bond and the Owner of every 2016A Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Authority in accordance therewith or reliance thereon.

Section 11.09. Disqualified 2016A Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2016A Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, 2016A Bonds which are known by the Trustee to be owned or held by or for the account of the Authority, or by any other obligor on the 2016A Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or any other obligor on the 2016A Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. 2016A Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such

2016A Bonds 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 or any other obligor on the 2016A Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, the Authority shall certify to the Trustee those 2016A Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular 2016A Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2016A Bonds (or portions of 2016A Bonds in the case of registered 2016A Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2016A Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, 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 and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable, and with due regard for the requirements of Section 6.05 and for the protection of the security of the 2016A Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of the Authority or the District shall be individually or personally liable for the payment of the principal of or premium or interest on the 2016A Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by the Indenture.

Section 11.13. Execution in Several Counterparts. The Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Authority and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. CUSIP Numbers. Neither the Trustee nor the Authority shall be liable for any defect or inaccuracy in the CUSIP number that appears on any 2016A Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2016A Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2016A Bondholders and that neither the Authority nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 11.15. Choice of Law. THE INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, the Authority has caused the Indenture to be signed in its name by its President and attested by its Secretary, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused the Indenture to be signed in its corporate name by its officers thereunto duly authorized, all as of the day and year first above written.

NEVADA IRRIGATION DISTRICT JOINT POWERS
AUTHORITY

By: _____
Its: President

Attest:

Secretary

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Its: Authorized Officer

EXHIBIT A

FORM OF 2016A Bond

UNLESS THIS BOND IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AS DEFINED IN THE INDENTURE) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY BOND ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. _____

\$ _____

UNITED STATES OF AMERICA
STATE OF CALIFORNIA

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BOND, SERIES 2016A

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	March 1, 20____	April __, 2016	_____

REGISTERED OWNER CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

The NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY, a joint exercise of powers agency duly organized and existing under the laws of the State of California (the "Authority"), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the "Registered Owner"), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this 2016A Bond (unless: (i) this 2016A Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a business day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this 2016A Bond is authenticated on or before [August 15, 2016], in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this 2016A Bond, interest is in default on this 2016A Bond, this 2016A Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this 2016A Bond), at the Interest Rate per annum specified above, payable semiannually on March 1 and September 1 in each year, commencing [September 1, 2016], calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the

Office (as defined in the hereinafter described Indenture) of U.S. Bank National Association, as trustee (the “Trustee”). Interest hereon is payable by check of the Trustee sent by first class mail on the applicable interest payment date to the Registered Owner hereof at the Registered Owner’s address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each interest payment date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such registered owner prior to the fifteenth (15th) day of the month preceding such interest payment date).

This 2016A Bond is not a debt of the members of the Authority, the State of California, or any of its political subdivisions (other than the Authority), and neither the members of the Authority or said State, nor any of its political subdivisions (other than the Authority), is liable hereon, nor in any event shall this 2016A Bond be payable out of any funds or properties of the Authority other than the Authority Revenues (as such term is defined in the Indenture of Trust, dated as of March 1, 2016 (the “Indenture”), by and between the Authority and the Trustee) and other moneys pledged therefor under the Indenture. The obligation of the District to make payments in accordance with the Installment Purchase Agreement is a limited obligation of the District as set forth in the Installment Purchase Agreement (as such terms are defined in the Indenture) on a parity with other Bonds and Contracts (as such terms are defined in the Installment Purchase Agreement) of the District, and the District shall have no liability or obligation in connection herewith except with respect to such Series 2016A Installment Payments to be made pursuant to the Installment Purchase Agreement. The 2016A Bonds do not constitute an indebtedness of the Authority in contravention of any constitutional or statutory debt limitation or restriction.

This 2016A Bond is one of a duly authorized issue of bonds of the Authority designated as the “Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A” (the “2016A Bonds”), of an aggregate principal amount of _____ Million _____ Thousand Dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates) and all issued pursuant to the provisions of the Joint Exercise of Powers Agreement, dated as of November 1, 2011 (the “Joint Exercise of Powers Agreement”), by and between the District and California Municipal Finance Authority, a public body, corporate and politic, duly organized and existing under the laws of the State, as amended from time to time and the laws of the State of California and pursuant to the Indenture and the resolution authorizing the issuance of the 2016A Bonds. Reference is hereby made to the Indenture (copies of which are on file at the office of the Authority) and all supplements thereto for a description of the terms on which the 2016A Bonds are issued, the provisions with regard to the nature and extent of the Authority Revenues, and the rights thereunder of the Owners of the 2016A Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of the Authority hereunder, to all of the provisions of which the Registered Owner of this 2016A Bond, by acceptance hereof, assents and agrees. The 2016A Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The 2016A Bonds have been issued by the Authority to finance certain public capital improvements and related costs, as more fully described in the Indenture.

This 2016A Bond and the interest, premium, if any, hereon and all other 2016A Bonds and the interest and premium, if any, thereon (to the extent set forth in the Indenture) are special

obligations of the Authority, and are payable from, and are secured by a pledge and lien on the Authority Revenues, including all Series 2016A Installment Payments received from the District by the Authority or the Trustee, and any other amounts on deposit in certain funds and accounts created under the Indenture. As and to the extent set forth in the Indenture, all of the Authority Revenues are exclusively and irrevocably pledged in accordance with the terms hereof and the provisions of the Indenture, to the payment of the principal of and interest and premium (if any) on the 2016A Bonds.

The Indenture and the rights and obligations of the Authority and the Owners of the 2016A Bonds and the Trustee may be modified or amended from time to time and at any time with the written consent of the Owners of a majority in aggregate principal amount of all 2016A Bonds then Outstanding, exclusive of 2016A Bonds disqualified as set forth in the Indenture, in the manner, to the extent and upon the terms provided in the Indenture, but no such modification or amendment shall: (i) extend the fixed maturity of any 2016A Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the owner of each 2016A Bond so affected; or (ii) reduce the aforesaid percentage of 2016A Bonds the consent of the Owners of which is required to affect any such modification or amendment, or permit the creation of any lien on the Authority Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture except as permitted in the Indenture, or deprive the Owners of the 2016A Bonds of the lien created by the Indenture on such Authority Revenues and other assets, except as expressly provided in the Indenture, without the consent of the Owners of all of the 2016A Bonds then Outstanding.

The Indenture and the rights and obligations of the Authority, of the Trustee and the Owners of the 2016A Bonds may also be modified or amended for certain purposes described more fully in the Indenture at any time in the manner, to the extent and upon the terms provided in the Indenture by a supplemental indenture, which the Authority and the Trustee may enter into without the consent of any 2016A Bond Owners, if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture will not materially adversely affect the interests of the Owners of the Outstanding 2016A Bonds.

The 2016A Bonds with stated maturities on or after March 1, 20__, shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority upon written Request to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the sole convenience of the Trustee) prior to such date and by lot within each maturity in integral multiples of \$5,000, on or after March 1, 20__, at a redemption price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.

The 2016A Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part, on any date in the order of maturity as directed by the Authority in a written Request provided to the Trustee at least 45 days (or such lesser number of days acceptable to the Trustee in its sole discretion) prior to such date and by lot within each maturity in integral multiples of \$5,000 from prepaid Series 2016A Installment Payments made by the District from Net Proceeds, upon the terms and conditions of, and as provided for in, the Installment Purchase Agreement, at a Redemption Price equal to the principal amount thereof and accrued interest thereon to the redemption date without premium

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail not less than thirty (30) days prior to the redemption date to the respective Owners of any 2016A Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the date fixed for redemption.

If this 2016A Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the 2016A Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This 2016A Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at said office of the Trustee but only in the manner subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this 2016A Bond. Upon registration of such transfer, a new 2016A Bond or 2016A Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

2016A Bonds may be exchanged at said office of the Trustee for a like aggregate principal amount of 2016A Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any 2016A Bond during the period in which the Trustee is selecting 2016A Bonds for redemption or any 2016A Bond that has been selected for redemption.

The Authority and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this 2016A Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Joint Exercise of Powers Agreement, and the laws of the State of California and that the amount of this 2016A Bond, together with all other indebtedness of the Authority, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of 2016A Bonds permitted to be issued under the Indenture.

This 2016A Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the Authority has caused this 2016A Bond to be executed in its name and on its behalf with the manual or facsimile signature of its President and attested to by the manual or facsimile signature of its Secretary, all as of this __th day of _____, 2016.

NEVADA IRRIGATION DISTRICT JOINT
POWERS AUTHORITY

By: _____
Its: President

Attest:

Secretary

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
TO APPEAR ON BONDS]

This is one of the 2016A Bonds described in the within-mentioned Indenture.

Dated: _____, 2016

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

(Name, Address and Tax Identification or
Social Security Number of Assignee)

the within registered 2016A Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within 2016A Bond in every particular without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agents Medallion Program or in such other guarantee program acceptable to the Trustee.

APPENDIX C

PROPOSED FORM OF LEGAL OPINION

Upon issuance of the 2016A Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion in substantially the following form:

April __, 2016

Nevada Irrigation District Joint Powers Authority
1036 West Main Street
Grass Valley, CA 95945

Re: \$_____ Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A

Members of the Board of Directors:

We have acted as Bond Counsel to the Nevada Irrigation District Joint Powers Authority (the "Authority") in connection with the issuance of \$_____ aggregate principal amount of Revenue Bonds, Series 2016A (the "Bonds"). The Bonds have been issued by the Authority pursuant to the terms of the Indenture of Trust, dated as of March 1, 2016 (the "Indenture"), by and between the Authority and U.S. Bank National Association, as trustee (the "Trustee").

The Bonds are limited obligations of the Authority payable solely from Revenues (as such term is defined in the Indenture), consisting of installment payments to be made by the Nevada Irrigation District (the "District") to the Authority pursuant to an Installment Purchase Agreement, dated as of March 1, 2016, by and between the District and the Authority.

In connection with our representation we have examined a certified copy of the proceedings relating to the Bonds. 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 Bonds under the laws of the State of California now in force, and the Indenture has been duly authorized, executed and delivered by the Authority, and, assuming due authorization, execution and delivery by the Trustee, as appropriate, the Bonds and the Indenture are valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms.

2. The obligation of the Authority to make the payments of principal and interest on the Bonds from Authority Revenues (as such term is defined in the Indenture) 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 Bonds 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 and corporations. With respect to corporations, interest on the Bonds may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of such corporations.

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

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of the same series and maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Bonds constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the Bond. In the opinion of Bond Counsel, the amount of original issue discount that accrues to the owner of a Bond is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and is exempt from State of California personal income tax.

6. The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Internal Revenue Code of 1986, as amended (the "Code"); such amortizable bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed herein as to the exclusion from gross income of interest on the Bonds are based upon certain representations of fact and certifications made by the Authority and others and are subject to the condition that the Authority complies with all requirements of the Code that must be satisfied subsequent to issuance of the Bonds to assure that interest on the Bonds 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 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The Authority has 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 Indenture and the Tax Certificate relating to the Bonds 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 (and original issue discount) for federal income tax purposes with respect to the Bonds if any such action is taken or omitted based upon the opinion or advice of counsel other than ourselves. Other than expressly stated herein, we express no other opinion regarding tax consequences with respect to the Bonds.

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 Indenture and the Bonds 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 Official Statement relating to the Bonds or other offering material relating to the Bonds and expressly disclaim any duty to advise the owners of the Bonds with respect to matters contained in the Official Statement.

Respectfully submitted,

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Nevada Irrigation District (the “District”) in connection with the issuance by the Nevada Irrigation District Joint Powers Authority (the “Authority”) of its \$_____ Revenue Bonds, Series 2016A (the “Bonds”). The Bonds are being issued pursuant to an Indenture of Trust, dated as of February 1, 2016 (the “Indenture”), by and between U.S. Bank National Association, as trustee (the “Trustee”) and the Authority. The District covenants and agrees as follows:

1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

Annual Report. The term “Annual Report” means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

Beneficial Owner. The term “Beneficial Owner” means any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Bonds for federal income tax purposes.

EMMA. The term “EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the Internet at <http://emma.msrb.org/>.

Fiscal Year. The term “Fiscal Year” means the one-year period ending on the last day of December of each year.

Holder. The term “Holder” means a registered owner of the Bonds.

Installment Purchase Agreement. “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of February 1, 2016, by and between the District and the Authority.

Listed Events. The term “Listed Events” means any of the events listed in Sections 5(a) and (b) of this Disclosure Certificate.

Official Statement. The term “Official Statement” means the Official Statement dated March __, 2016 relating to the Bonds.

Participating Underwriter. The term “Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

Rule. The term “Rule” means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

3. Provision of Annual Reports.

(a) The District shall provide not later than 270 days following the end of its Fiscal Year (commencing with Fiscal Year 2016) to EMMA an Annual Report relating to the immediately preceding Fiscal Year which is consistent with the requirements of Section 4 of this Disclosure Certificate, which Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

(b) If the District is unable to provide to EMMA an Annual Report by the date required in subsection (a), the District shall send to EMMA a notice in the manner prescribed by the Municipal Securities Rulemaking Board.

4. Content of Annual Reports. The Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the District for the most recent Fiscal Year, then ended prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) Principal amount of the Bonds outstanding.

(c) An update of the information in the following tables or paragraphs in Appendix A—"INFORMATION RELATING TO THE NEVADA IRRIGATION DISTRICT" in the Official Statement:

(1) "District Share of County 1% Property Tax;"

(2) "Historic Water Deliveries;"

(3) "Historic Service Connections;"

(4) "Historic Operating Results and Debt Service Coverage; provided, however, that if such information can be derived from the audited financial statements required to be filed in 4(a) above, failure to file separate tables under this section 4(c) shall not constitute a default hereunder."

(d) Any or all of the items listed in (a), (b) or (c) above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The District shall clearly identify each such other document so included by reference.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to EMMA; provided, that if any document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board; and provided further, that the District shall clearly identify each such document so included by reference.

5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or a Notice of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes; and
9. bankruptcy, insolvency, receivership or similar proceedings.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), adverse tax opinions or other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. modifications to the rights of Bond holders;

3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

7. appointment of a successor or additional trustee or the change of the name of a trustee.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) While the failure to file a notice of the occurrence of a Listed Event under Section 5(a)(8) shall constitute non-compliance with the terms hereof and may be required to be disclosed by the Authority in accordance with the Rule, failure shall not constitute an event of default hereunder if (i) the District did not receive written notice of such rating change from the respective rating agency, (ii) the rating change was a result of a change in the rating of a liquidity or credit enhancement and the market was generally aware of the change in the rating of such liquidity or credit enhancer or (iii) the rating agency filed a notice of such rating change with EMMA.

7. Termination of Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule.

9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any notice of occurrence

of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall not thereby have any obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

10. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Holders or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. Notwithstanding the foregoing, no action may be undertaken by Holders or Beneficial Owners of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of a Holders or Beneficial Owner of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

No Holder or Beneficial Owner of the Bonds may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as such, and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

12. Severability. In case any one or more of the provisions contained herein shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof.

Dated: April __, 2016

NEVADA IRRIGATION DISTRICT

By: _____
Its: President of the Board of Directors

NEVADA IRRIGATION DISTRICT

DISCLOSURE PROCEDURES

PURPOSE

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the Nevada Irrigation District (the “District”) directly or through the Nevada Irrigation District Joint Power Authority, so as to ensure that the District continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

The District from time to time issues revenue bonds, notes or other obligations or causes revenue bonds, notes, certificates of participation or other obligations to be issued or executed and delivered through other financing entities (collectively, “Obligations”) in order to fund or refund capital investments, other long-term programs and working capital needs. In offering Obligations to the public, and at other times when the District makes certain reports, the District must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the District must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the District’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are offered, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings) and other matters particular to the financing, (ii) a section which provides information on the District, including its financial condition as well as certain operating information (“District Section”), and (iii) various other appendices, including the District’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCESS

When the District determines to issue Obligations directly (or through the Nevada Irrigation District Joint Power Authority), the District Finance Manager requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the District Section) for which they are responsible. While the general format and content of the Official Statement may not change substantially from offering to offering, except as necessary to reflect major events, the District Finance Manager and other relevant staff are responsible for reviewing and preparing or updating certain portions of the District Section which are within their particular areas of knowledge. Once the

draft POS has been substantially completed, the entire draft POS is shared with the General Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire draft POS.

Members of the financing team, including the Bond Counsel and a financial advisor, if one is engaged with respect to the Obligations (the “Financial Advisor”), assist staff in determining the materiality of any particular item, and in the development of specific language in the District Section. Members of the financing team also assist the District in the development of a “big picture” overview of the District’s financial condition, included in the District section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the District.

The Finance Manager or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team, including District officials, General Counsel, Bond Counsel and the District’s Financial Advisor. The calls would also include the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction. Following such calls or meetings, drafts of the forepart of the draft POS and the District Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among District staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal due diligence session, which is generally conducted on a conference call, which includes District officials involved in the preparation of the POS, members of the financing team, and, if the financing is a negotiated transaction, the underwriters and the underwriters’ counsel during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the District’s senior officials. This is referred to as a “due diligence” meeting.

Following the due diligence meeting, the substantially final form of the POS is provided to the District Board of Directors in an informational session, in advance of approval to afford the Board of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is subsequently presented for approval by the Board of Directors which generally authorizes certain senior staff to make non-substantial corrections, changes and updates to the POS in consultation with General Counsel and Bond Counsel. Following approval and correction and updates as needed, the POS is posted.

At the time the POS is posted for review by potential investors, senior District officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the District Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more senior District officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, do not contain any untrue statement of material fact or omit to state any material fact necessary to make

the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. General Counsel also provides an opinion letter (generally addressed to the underwriters) advising that information contained in the District Section of the OS (or specified portions thereof) as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel does not opine to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

DISTRICT SECTION

The information contained in the District Section is developed by personnel under the direction of the Finance Manager, with the assistance of the financing team. In certain circumstances, additional officials will be involved, as necessary. The following principles govern the work of the respective staffs that contribute information to the District Section:

- District staff involved in the disclosure process is responsible for being familiar with its responsibilities under federal securities laws as described above.
- District staff involved in the disclosure process should err on the side of disclosing issues when preparing or reviewing information for disclosure. Officials and staff are encouraged to consult General Counsel, Bond Counsel or members of the financing team if there are questions regarding whether an issue is material or not.
- Care should be taken not to shortcut or eliminate any steps outlined in the Procedures on an ad hoc basis. However, the Procedures are not necessarily intended to be a rigid list of procedural requirements, but instead to provide guidelines for disclosure review. If warranted, based on experience during financings or because of additional SEC pronouncements or other reasons, the District should consider revisions to the Procedures.
- The process of updating the District Section from transaction to transaction should not be viewed as being limited to updating tables and numerical information, but should include consideration of changes to the form and content of the entire District Section. Everyone involved in the process should consider the need for revisions in the form, content and tone of the sections for which they are responsible at the time of each update.
- The District must make sure that the staff involved in the disclosure process is of sufficient seniority such that it is reasonable to believe that, collectively, they are in possession of material information relating to the District, its operations and its finances.

TRAINING

Periodic training for the staff involved in the preparation of the Official Statement (including the District Section) is coordinated by the finance team and the Finance Manager. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the District Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the District Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of

finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance or execution and delivery of Obligations, the District has entered into contractual agreements (“Continuing Disclosure Undertakings”) to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. The District must comply with the specific requirements of each Continuing Disclosure Undertaking. The District’s Continuing Disclosure Undertakings will generally require that the annual reports be filed within 270 days after the end of the District’s fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require “material event” notices are set forth in each particular Continuing Disclosure Certificate.

The Finance Manager shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Undertakings. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY

DISCLOSURE PROCEDURES

PURPOSE

The purpose of these Disclosure Procedures (the “Procedures”) is to memorialize and communicate procedures in connection with obligations, including notes, bonds and certificates of participation, issued by the Nevada Irrigation District Joint Powers Authority (the “Authority”), so as to ensure that the Authority continues to comply with all applicable disclosure obligations and requirements under the federal securities laws.

BACKGROUND

The Authority from time to time issues revenue bonds, notes or other obligations or causes revenue bonds, notes, certificates of participation or other obligations (collectively, “Obligations”) in order to fund or refund capital investments, other long-term programs and working capital needs on behalf of the Nevada Irrigation District (the “District”). Because the Authority does not have separate staff, District staff typically undertakes activities on behalf of the Authority. In offering Obligations to the public, and at other times when the Authority makes certain reports, the Authority must comply with the “anti-fraud rules” of federal securities laws. (“Anti-fraud rules” refers to Section 17 of the Securities Act of 1933 and Section 10(b) of the Securities and Exchange Act of 1934, and regulations adopted by the Securities and Exchange Commission under those Acts, particularly “Rule 10b-5” under the 1934 Act.)

The core requirement of these rules is that potential investors in Obligations must be provided with all “material” information relating to the offered Obligations. The information provided to investors must not contain any material misstatements, and the Authority must not omit material information which would be necessary to provide to investors a complete and transparent description of the Obligations and the Authority, and, if applicable, the Authority’s financial condition. In the context of the sale of securities, a fact is generally considered to be “material” if there is a substantial likelihood that a reasonable investor would consider it to be important in determining whether or not to purchase the securities being offered.

When Obligations are offered, the two central disclosure documents which are prepared are a preliminary official statement (“POS”) and a final official statement (“OS”, and collectively with the POS, “Official Statement”). The Official Statement generally consists of (i) the forepart (which describes the specific transaction including maturity dates, interest rates, redemption provisions, the specific type of financing, the leased premises (in certificate of participation financings), a description of the Authority and other matters particular to the financing, (ii) a section which provides information on the District, including its financial condition as well as certain operating information (“District Section”), and (iii) various other appendices, including the District’s audited financial report, form of the proposed legal opinion, and form of continuing disclosure undertaking. Investors use the Official Statement as one of their primary resources for making informed investment decisions regarding the Obligations.

DISCLOSURE PROCESS

When the District requests the Authority to issue Obligations on behalf of the District, the District Finance Manager requests the involved departments to commence preparation of the portions of the Official Statement (including particularly the District Section) for which they are responsible. While the general format and content of the Official Statement may not change substantially from offering to

offering, except as necessary to reflect major events, the District Finance Manager and other relevant staff are responsible for reviewing and preparing or updating certain portions of the District Section which are within their particular areas of knowledge. Once the draft POS has been substantially completed, the entire draft POS is shared with the General Manager for review and input. Additionally, all participants in the disclosure process are separately responsible for reviewing the entire draft POS.

Members of the financing team, including the Bond Counsel and a financial advisor, if one is engaged with respect to the Obligations (the “Financial Advisor”), assist staff in determining the materiality of any particular item, and in the development of specific language in the District Section. Members of the financing team also assist the District in the development of a “big picture” overview of the District’s financial condition, included in the District section. This overview highlights particular areas of concern. Bond Counsel has a confidential, attorney-client relationship with officials and staff of the Authority and the District.

The Finance Manager or a member of the financing team at the direction thereof schedules one or more meetings or conference calls of the financing team, including District officials, General Counsel, Bond Counsel and the District’s Financial Advisor. The calls would also include the underwriters of the Obligations, and the underwriters’ counsel, if the proposed financing is being undertaken as a negotiated transaction. Following such calls or meetings, drafts of the forepart of the draft POS and the District Section are circulated and discussed. Such communications may occur via electronic means rather than by meetings or conference calls. During this part of the process, there is substantial contact among District staff and other members of the financing team to discuss issues which may arise, determine the materiality of particular items and ascertain the prominence in which the items should be disclosed.

Prior to distributing a POS to potential investors, there is typically a formal due diligence session, which is generally conducted on a conference call, which includes District officials involved in the preparation of the POS, members of the financing team, and, if the financing is a negotiated transaction, the underwriters and the underwriters’ counsel during which the POS is reviewed in its entirety to obtain final comments and to allow the underwriters, if any, to ask questions of the District’s senior officials. This is referred to as a “due diligence” meeting.

Following the due diligence meeting, the substantially final form of the POS is provided to the Authority Board of Directors and the District Board of Directors in an informational session, in advance of approval to afford the Board of Directors an opportunity to review the POS, ask questions and make comments. The substantially final form of the POS is subsequently presented for approval by the Board of Directors of the Authority and the District which generally authorizes certain officers of the Authority and senior staff of the District to make non-substantial corrections, changes and updates to the POS in consultation with their General Counsel and Bond Counsel. Following approval and correction and updates as needed, the POS is posted.

At the time the POS is posted for review by potential investors, authorized officers of the Authority and senior District officials execute certificates deeming certain portions of the POS complete (except for certain pricing terms) as required by SEC Rule 15c2-12.

Between the posting of the POS for review by potential investors and delivery of the final OS to the underwriter for redelivery to actual investors in the Obligations, any changes and developments will have been incorporated into the POS, including particularly the District Section, if required. If necessary to reflect developments following publication of the POS or OS, as applicable, supplements will be prepared and published.

In connection with the closing of the transaction, one or more authorized officers of the Authority and senior District officials execute certificates stating that certain portions of the OS, as of the date of each OS and as of the date of closing, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements contained in the Official Statement in light of the circumstances under which they were made, not misleading. General Counsel to the District and the Authority provides opinion letters (generally addressed to the underwriters) advising that information contained in the District Section of the OS (or specified portions thereof) and portions relating to the Authority, respectively, as of its date did not, and as of the date of the closing, does not contain any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. General Counsel does not opine to the underwriters or to other third parties as to any financial, statistical, economic or demographic data or forecasts, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, and certain other customary matters.

TRAINING

Periodic training for the staff involved in the preparation of the Official Statement (including the District Section) is coordinated by the finance team and the District's Finance Manager. These training sessions are provided to assist staff members involved in identifying relevant disclosure information to be included in the District Section. The training sessions also provide an overview of federal laws relating to disclosure, situations in which disclosure rules apply, the purpose of the Official Statement and the District Section, a description of previous SEC enforcement actions and a discussion of recent developments in the area of municipal disclosure. Attendees at the training sessions are provided the opportunity to ask questions of finance team members, including Bond Counsel concerning disclosure obligations and are encouraged to contact members of the finance team at any time if they have questions. The responsibilities of the District and Authority Boards of Directors are included in staff reports and/or oral presentations to such boards of directors.

ANNUAL CONTINUING DISCLOSURE REQUIREMENTS

In connection with the issuance or execution and delivery of Obligations, the Authority may enter into contractual agreements ("Continuing Disclosure Undertakings") to provide annual reports related to its financial condition (including its audited financial statements) as well as notice of certain events relating to the Obligations specified in the Continuing Disclosure Undertakings. The Authority must comply with the specific requirements of each Continuing Disclosure Undertaking. The Authority's Continuing Disclosure Undertakings will generally require that the annual reports be filed within 270 days after the end of the Authority's fiscal year, and material event notices are generally required to be filed within 10 business days of their occurrence.

Specific events which require "material event" notices are set forth in each particular Continuing Disclosure Certificate.

The District's Finance Manager shall be responsible for preparing and filing the annual reports and material event notices required pursuant to the Continuing Disclosure Undertakings. Particular care shall be paid to the timely filing of any changes in credit ratings on Obligations (including changes resulting from changes in the credit ratings of insurers of particular Obligations).

NOTICE OF INTENTION TO SELL BONDS

\$[xx,xx,000]*

**NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
(NEVADA AND PLACER COUNTIES, CALIFORNIA)**

REVENUE BONDS, SERIES 2016A

NOTICE IS HEREBY GIVEN that the Nevada Irrigation District Joint Powers Authority (the “Authority”), intends to offer for public sale on

[March 30], 2016

[\$xx,xxx,xxx]* principal amount of bonds of the Authority designated “Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A” subject to the terms and conditions of the Official Notice of Sale. Bids shall be submitted only as electronic bids through the Ipreo LLC’s PARITY® System (“Parity”) as the approved electronic bidding system. **Bids must be submitted no later than 10:00 a.m. Pacific Time (or on such other date and time as may be determined by the Authority as provided below).**

Copies of the Preliminary Official Statement and the Official Notice of Sale (including the Form of Bidder’s Certificate attached thereto) relating to the sale of the Bonds are currently available. An electronic copy of the Preliminary Official Statement can be obtained at MuniOs.com or upon request to Fieldman, Rolapp & Associates, Financial Advisor to the Authority (telephone (949) 660-7300, or via email: rporr@fieldman.com).

The Authority reserves the right to cancel or reschedule the sale of the 2016A Bonds upon notice given through Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or The Bond Buyer no later than eighteen (18) hours prior to the new time bids are to be received, and if the sale is rescheduled, notice of the new sale date and time, if any, will be given through Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or The Bond Buyer no later than eighteen (18) hours prior to the new time bids are to be received, and bids will be received in the manner set forth above at the rescheduled date and time as the Authority may determine.

Dated: _____, 2016

/s/
Marvin V. Davis
Finance Manager/Treasurer
Nevada Irrigation District Joint Powers
Authority

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$_____*

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY (NEVADA AND PLACER COUNTIES, CALIFORNIA) REVENUE BONDS, SERIES 2016A

Date of Sale:

[March 30], 2016
10:00 a.m., Pacific Time

BIDS TO BE RECEIVED VIA PARITY®

For further information, please contact the District's Independent Registered Municipal Advisor:

Robert Porr, Senior Vice President
(949) 660-7323
rporr@fieldman.com

Paul Pender, Vice President
(949) 660-7319
ppender@fieldman.com

Fieldman, Rolapp & Associates
1990 MacArthur Boulevard, Suite 1100
Irvine, California 92612
Fax: (949) 474-8773

A copy of the Preliminary Official Statement
may be obtained at:
www.munios.com

* Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

\$ _____*
NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

NOTICE IS HEREBY GIVEN that all-or-none bids will be received by the NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY (the "Authority"), for the purchase of \$ _____* par value revenue bonds designated "NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY REVENUE BONDS, SERIES 2016A" (the "2016A Bonds"). All electronic bids must be submitted via *Parity*®, the electronic bidding system, up to the time and date specified as follows:

TIME: 10:00 a.m., Pacific Time

DATE: [March 30], 2016

provided, however, that without further advertising, and so long as an electronic bid has not been accepted by the Authority, electronic bids via *Parity*® will be accepted at such time and place on [March 30], 2016 and each succeeding Business Day thereafter until the earlier of [March 31], 2016 or receipt by the Board of an acceptable electronic bid for the 2016A Bonds.

Bids for the purchase of the 2016A Bonds will be received and considered subject to the terms and conditions described herein.

Please note that the Authority reserves the right to cancel or reschedule the sale of the 2016A Bonds upon notice given through Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received, and if the sale is rescheduled, notice of the new sale date and time, if any, will be given through Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received, and bids will be received in the manner set forth above at the rescheduled date and time as the Authority may determine.

DESCRIPTION OF THE 2016A BONDS AND FINANCING FRAMEWORK

Terms of the 2016A Bonds

The Authority has made available a Preliminary Official Statement relating to the 2016A Bonds, a copy of which has been posted to www.munios.com. The Preliminary Official Statement, including the cover page and all appendices thereto, provides certain information concerning the sale and delivery of the 2016A Bonds. Each bidder must have obtained and reviewed the Preliminary Official Statement prior to bidding for the 2016A Bonds. This Official Notice of Sale contains certain information for quick reference only, is not a summary of the issue and governs only the terms of the sale of, bidding for and closing procedures with respect to the 2016A Bonds. Bidders must read the entire Preliminary Official Statement to obtain information essential to making an informed investment decision.

* Preliminary, subject to change.

Issue

The 2016A Bonds will be dated the date of delivery, will be in the denomination of \$5,000 each, or integral multiples thereof, and will bear interest from the date of the 2016A Bonds to the maturity of each of the 2016A Bonds at the rate or rates such that the interest rate shall not exceed 5.25% per annum, with interest payable on September 1, 2016 and semiannually on March 1 and September 1 of each year during the term of each of the 2016A Bonds. The 2016A Bonds mature on March 1 in each of the years 2017 to 2031 inclusive, as follows:

<u>MATURITY</u> <u>(MARCH 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT*</u>	<u>MATURITY</u> <u>(MARCH 1)</u>	<u>PRINCIPAL</u> <u>AMOUNT*</u>
2017		2025	
2018		2026	
2019		2027	
2020		2028	
2021		2029	
2022		2030	
2023		2031	
2024			

Adjustment of Principal Amounts

The principal amounts of each maturity of 2016A Bonds set forth above reflect certain assumptions of the Authority and Fieldman, Rolapp & Associates, Inc., the District’s Independent Registered Municipal Advisor (the “Municipal Advisor”) with respect to the likely interest rates of the winning bid or bids. Following the determination of the successful bidder, the Authority reserves the right to increase or decrease the principal amount of each maturity of the 2016A Bonds, in \$5,000 increments of principal amounts. Such adjustment shall be made within 4 hours of the bid opening and in the sole discretion of the Authority. In the event of any such adjustment, no rebidding or recalculation of the bids submitted will be required or permitted and the successful bid or bids may not be withdrawn, and the successful bidder will not be permitted to change its bid price or the interest rate(s) in its bid for the 2016A Bonds. The Authority shall not be responsible for the effect of any such adjustment on the compensation to the successful bidder and will use its reasonable best efforts to maintain a proportionate level of compensation to the successful bidder. Bidders are advised to consider such a possible change in principal amounts when determining their bid on the 2016A Bonds.

Interest Rates

Interest will be calculated on the basis of a 360-day year composed of twelve 30-day months. The 2016A Bonds shall represent interest from their date at a rate or rates to be determined at the sale thereof, but no maturity of such 2016A Bonds shall exceed 5.25% per annum and the true interest cost of the 2016A Bonds shall not exceed 5.0%. Interest on the 2016A Bonds is payable semiannually on March 1 and September 1 in each year (the "Interest Payment Dates"); commencing September 1, 2016. Bidders may specify any number of separate interest rates, and any rate may be repeated as often as desired; provided, however, that (i) each interest rate specified must be in a multiple of 1/20 of 1% or 1/8 of 1%; (ii) a zero rate of interest cannot be specified; (iii) each Bond shall bear interest from its dated date

* Preliminary, subject to change.

to its stated maturity date at the interest rate specified in the bid; (iv) all 2016A Bonds of the same maturity date shall bear the same rate of interest (with the exception of split coupons for 2016A Bonds of the same maturity, which is allowed; (v) no bid will be accepted which provides for the cancellation and surrender of any interest payment or for the waiver of interest or other concession by the bidder as a substitute for payment in full of the purchase price of the 2016A Bond or 2016A Bonds. ***Bids that do not conform to the terms of this paragraph will be rejected.***

Redemption

The 2016A Bonds are subject to optional and mandatory sinking fund redemption prior to their stated maturity, as follows:

- (a) Optional Redemption. The 2016A Bonds with stated maturities on or after March 1, 2027 shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date as directed by the Authority in a written request provided to the Trustee and by lot within each maturity in integral multiples of \$5,000, on or after **March 1, 2026**, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption, without premium.
- (b) Mandatory Sinking Fund Redemption. Any bidder may, at its option, specify that one or more maturities of the 2016A Bonds will consist of term bonds which are subject to mandatory sinking fund redemption in consecutive years immediately preceding the maturity thereof, as designated in the proposal of such bidder. In the event that the proposal of the successful bidder specifies that any maturity of 2016A Bonds will be term bonds, such term bonds will be subject to mandatory sinking fund redemption on March 1 in each year so designated in the proposal, in the respective amounts for such years, at redemption price equal to the principal amount thereof to be paid together with accrued interest thereon to the redemption date, without premium.

Notice of redemption shall be provided as set forth in the Preliminary Official Statement.

Registration of 2016A Bonds as to Principal and Interest and Place of Payment

The 2016A Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the 2016A Bonds. Individual purchases will be made in book-entry form only, in the denominations of \$5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the 2016A Bonds purchased. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC which in turn will remit such amounts to the beneficial owners of the 2016A Bonds through DTC’s Participants, as described in the Preliminary Official Statement.

Authority for Issuance and Purpose

The 2016A Bonds are being issued under the Indenture, the Marks-Roos Local Bond Pooling Act of 1985, as amended, constituting Article 4 of Chapter 5, Division 7, Title 1 of the Government Code of the State of California (the “State”).

The 2016A Bonds are limited obligations of the Authority. The 2016A Bonds are payable solely from Authority Revenues and certain other amounts on deposit in funds and accounts under the Indenture. Authority Revenues consist primarily of payments (the “Series 2016A Installment Payments”) received from the District pursuant to an Installment Purchase Agreement, dated as of

February 1, 2016 (the “Installment Purchase Agreement”), by and between the District and the Authority. See the caption “SECURITY FOR THE 2016A BONDS.”

Sources of Security

Pursuant to the Installment Purchase Agreement, the District is obligated to pay the Series 2016A Installment Payments as the purchase price for certain capital improvements described in the Installment Purchase Agreement. The obligation of the District to make the Series 2016A Installment Payments is a special obligation of the District payable solely from the General Fund and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction and does not constitute an obligation for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation.

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, the District has agreed and covenanted that all Revenues (as such term is defined in the Installment Purchase Agreement) of the Water System, including certain hydroelectric facilities, will be received by the District in trust thereunder and will be deposited when and as received in the General Fund, which fund the District has agreed and covenanted to maintain so long as any Series 2016A Installment Payments remain unpaid.

All amounts on deposit in the General Fund have been irrevocably pledged to the payment of the Series 2016A Installment Payments as provided in the Installment Purchase Agreement. Such pledge constitutes a first lien on, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the General Fund for the payment of the Series 2016A Installment Payments and all other parity Contracts, Obligations and Bonds (as such terms are defined in the Installment Purchase Agreement) in accordance with the terms of the Installment Purchase Agreement.

The District will, from the moneys in the General Fund, pay all Maintenance and Operation Costs (as such term is defined in the Installment Purchase Agreement), including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operation Costs, the payment of which is not then immediately required. All remaining moneys in the General Fund (the “Net Revenues”) will be set aside by the District as set forth in the Installment Purchase Agreement to pay the Series 2016A Installment Payments and other parity Contracts and Bonds.

Rate Covenant

To the fullest extent permitted by law, the District will fix and prescribe rates and charges for the Water Service which, together with other Revenues, are reasonably expected, on the first day of each Fiscal Year, to be at least sufficient to yield during such Fiscal Year Net Revenues equal to 125% of the Debt Service payable in such Fiscal Year (as such terms are defined in Appendix B under the caption “INSTALLMENT PURCHASE AGREEMENT—DEFINITIONS”). Failure to produce Net Revenues to equal one hundred twenty-five percent (125%) of Debt Service at the end of a Fiscal Year is not an Event of Default under the Installment Purchase Agreement so long as the District complies with the covenant described above. Such failure may, however, affect the ability of the District to issue Bonds or incur Contracts payable from Net Revenues on a parity with the Series 2016A Installment Payments. See the caption “SECURITY FOR THE 2016A BONDS—Rate

Covenant Securing the Series 2016A Installment Payments.”

No Reserve Fund

No reserve fund has been established in connection with the issuance of the 2016A Bonds.

Additional Parity Obligations

The District has covenanted not to incur additional obligations payable from Net Revenues senior to the Series 2016A Installment Payments. The District may incur additional obligations on a parity with the Series 2016A Installment Payments, subject to the terms and conditions described under the caption “SECURITY FOR THE 2016A BONDS—Limitations on Parity and Superior Obligations; Subordinate Obligations.”

Purchaser’s Closing Certificate

The Purchaser must deliver such certificates to the Authority as may be required by Bond Counsel dated the date of issuance of the 2016A Bonds, indicating (among other matters): (i) receipt of the 2016A Bonds; (ii) the initial offering price at which not less than ten percent (10%) of the 2016A Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), (iii) the “yield” on the 2016A Bonds as calculated in accordance with the Internal Revenue Code of 1986, as amended, and (iv) such other information as may be required to assist the Authority in filing the required Internal Revenue Service Form 8038-G for the 2016A Bonds.

The Purchaser shall advise the Authority no later than one hour after award of the bid of such information regarding the reoffering price or prices at which the 2016A Bonds are reoffered to the general public as shall enable the Authority to comply with the Internal Revenue Code of 1986 and to make any adjustments in the principal amount of the 2016A Bonds as described under “Adjustments of Principal Amounts.”

Each bidder is requested to furnish the names of all joint managers participating in the bid on the official Bid Form. The Purchaser will be required to submit a list of all syndicate members in addition to the managers not later than 24 hours after receiving a verbal award.

CUSIP Numbers and Other Fees

CUSIP numbers will be applied for and will be printed on the 2016A Bonds and the cost of printing thereof and service bureau assignment will be purchaser’s responsibility. Any delay, error or omission with respect thereto will not constitute cause for the purchaser to refuse to accept delivery of and pay for the 2016A Bonds. The successful bidder shall also be required to pay all fees required by The Depository Trust Company, Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the issuance of the 2016A Bonds (see, “California Debt Advisory and Investment Commission” below).

Legal Opinion

The 2016A Bonds are sold with the understanding that the purchaser will be furnished with the approving opinion of Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation. A copy of the opinion will be attached to the 2016A Bonds. Said attorneys have been retained by the District as Bond Counsel and in such capacity are to render their opinion only upon the legality of the

2016A Bonds under California law and on the exemption of the interest income on such 2016A Bonds from federal and State of California income taxes. Fees of Bond Counsel and all other costs of issuance will be paid from proceeds of the 2016A Bonds.

Tax-Exempt Status

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 2016A Bonds 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 and corporations. In the further opinion of Bond Counsel, interest on the 2016A Bonds is exempt from State personal income tax. Bond Counsel notes that, with respect to corporations, interest on the 2016A Bonds may be included as an adjustment in the calculation of alternative minimum taxable income. Should changes in the law cause Bond Counsel's opinion to change prior to delivery of the 2016A Bonds to the purchaser, the purchaser will be relieved of its responsibility to take delivery of and pay for the 2016A Bonds, and in that event its Deposit will be returned.

Certification of Reoffering Price

As soon as practicable, but not later than five days following the date of acceptance of the bid for the 2016A Bonds, the successful bidder must submit to the Authority a certificate specifying for each maturity the reoffering price at which at least 10% of the 2016A Bonds of such maturity were sold (or were offered in a bona fide public offering and as of the date of award of the 2016A Bonds to the successful bidder reasonably expected to be sold) to the public. Such certificate shall be in form and substance satisfactory to Bond Counsel and shall include such additional information as may be requested by Bond Counsel.

California Debt Advisory and Investment Commission

The successful bidder will be required, pursuant to state of California law, to pay any fees to the California Debt and Investment Advisory Commission ("CDIAC"). CDIAC will invoice the successful bidder after the closing of the 2016A Bonds.

Qualification for Sale; Blue Sky

Compliance with blue sky laws shall be the sole responsibility of the successful bidder. The Board will furnish such information and take such action not inconsistent with law as the successful bidder may request and the Board shall deem necessary or appropriate to qualify the 2016A Bonds for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the successful bidder; provided, however, that the Board shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. The successful bidder will not offer to sell or solicit any offer to buy the 2016A Bonds in any jurisdiction where it is unlawful for such bidder to make such offer, solicitation or sale, and the bidder shall comply with the blue sky and other securities laws and regulations of the states and jurisdictions in which the bidder sells the 2016A Bonds.

No Litigation and Non-Arbitrage

The Authority will deliver a certificate stating that no litigation is pending affecting the issuance and sale of the 2016A Bonds. The Authority will also deliver an arbitrage certificate covering its reasonable expectations concerning the 2016A Bonds and the use of proceeds thereof.

Right of Cancellation

The successful bidder will have the right, at its option, to cancel its purchase of the 2016A Bonds if the Authority fails to execute the 2016A Bonds and tender the same for delivery within 60 days from the date of the award thereof. In such event, the successful bidder will be entitled to the return of the deposit accompany the bid.

Preliminary Official Statement and Final Official Statement

The Authority has made available a Preliminary Official Statement relating to the 2016A Bonds, a copy of which has been posted to www.munios.com. Such Preliminary Official Statement, together with any supplements thereto, shall be in form “deemed final” by the Authority for the purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion in a final official statement. The Authority shall deliver, at closing, a certificate, executed by appropriate officers of the Authority acting in their official capacities, to the effect that the facts contained in the Official Statement relating to the 2016A Bonds are true and correct in all material respects, and that the Official Statement does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statement therein, in light of the circumstances under which they were made, not misleading.

By making a bid for the 2016A Bonds, the successful bidder agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by the Authority, (2) to promptly file a copy of the final Official Statement, including any supplements prepared by the District, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access System, and (3) to take any and all other actions necessary to comply with applicable SEC rules and MSRB rules governing the offering, sale and delivery of its 2016A Bonds to ultimate purchasers. The Final Official Statement for the 2016A Bonds will only be made available electronically; no hard copies will be provided to the winning bidder.

Continuing Disclosure

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, the Authority will undertake in a Continuing Disclosure Certificate to provide certain annual financial information and Notice of the occurrence of certain events, if material. A description of this undertaking and a form of the Continuing Disclosure Certificate is included in the Preliminary Official Statement. Upon request, a continuing disclosure compliance report (the “Compliance Report”) is available from the Municipal Advisor. The Compliance Report covers the timing and content of all material filed by the District and its affiliated entities within the last five years.

Ratings

Standard & Poor’s Ratings Services have assigned to the 2016A Bonds the rating shown on the cover page of the Preliminary Official Statement or, if not so indicated, will be available upon request from the Standard and Poor’s has assigned to the 2016A Bonds the rating shown on the cover page of the Preliminary Official Statement or, if not so indicated, will be available upon request from the Municipal Advisor.

TERMS OF SALE

Basis of Award

The 2016A Bonds will be awarded to the responsible bidder whose bid produces the lowest true interest cost on the 2016A Bonds. The true interest cost specified in any bid will be that rate which, when used in computing the present value of principal and interest to be paid on all 2016A Bonds from the expected date of delivery, to their respective maturity dates, or mandatory sinking fund redemption dates in the case of term bonds, produces an amount equal to the purchase price (including any premium) specified in such bid. For purposes of computing the true interest cost represented by any bid, the purchase price specified in such bid shall be equal to the par amount of the 2016A Bonds plus any premium specified in such bid, and the true interest rate shall be calculated by the use of a semiannual interval of compounding interest based on the Interest Payment Dates for the 2016A Bonds. In the event of a tied bid, the procedure for determining the winning bid will be the toss of a coin to be conducted by the Authority among such bidders whose bids have produced the tie.

All or None Bid

Any prospective purchaser may submit a bid for the 2016A Bonds, provided that if any of the 2016A Bonds are bid for, then all of the 2016A Bonds must be bid for.

Par/Net Premium

All bids for the 2016A Bonds shall be par or net premium bids; no net discount bids for the 2016A Bonds will be accepted. Individual maturities of the 2016A Bonds may be reoffered at par, a premium or a discount.

Form of Bid

All bids for the 2016A Bonds must be unconditional and for not less than all of the 2016A Bonds offered for sale. Each bid must be in accordance with the terms and conditions set forth herein. Bids will only be accepted via PARITY® pursuant to this Notice until 10:00 a.m., Pacific Time on the date set forth for receipt of bids. To the extent any instructions or directions set forth in PARITY® conflict with this Notice, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact the Municipal Advisor, Fieldman, Rolapp & Associates at (949) 660-7300 or PARITY® at (212) 849-5000.

Delivery and Payment

It is estimated that delivery of the 2016A Bonds will be made to the Purchaser on or about **[April 27, 2016]**. Payment of the purchase price (less the amount of the good faith deposit mentioned below) must be made in funds immediately available to the Authority.

Electronic Bids

Electronic Bids via PARITY® (the "Electronic Bidding System") will be accepted in accordance with this Notice of Inviting Proposals for Purchase of 2016A Bonds until 10:00 a.m. Pacific Time, March 9, 2016, but no bid will be received after this time. To the extent any instructions or directions set forth in Parity® conflict with this Notice of Sale, the terms of this Notice shall control. For further information about PARITY®, potential bidders may contact Fieldman, Rolapp & Associates or PARITY® at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone (212) 849-5000.

Warning Regarding Electronic Bids

THE AUTHORITY WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH PARITY ON THE OFFICIAL BID FORM CREATED FOR THAT PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH PARITY, THAT THE AUTHORITY NEITHER ENDORSES NOR EXPLICITLY ENCOURAGES THE USE OF PARITY, AND THAT PARITY IS NOT ACTING AS AN AGENT OF THE AUTHORITY. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM PARITY, AND THE AUTHORITY ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF PARITY. THE AUTHORITY SHALL ASSUME THAT ANY BID RECEIVED THROUGH PARITY HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.

Estimate of True Interest Cost

Bidders are requested to supply a calculation of the true interest cost of the 2016A Bonds to the Authority on the basis of their respective bids, which shall be considered as informative only and not binding on either the bidder or the Authority.

Bid Award Deposit

The winning bidder will be required to submit a **Bid Award Deposit equal [\$xxx,xxx – 1% of estimated par, TBD]** not later than 12:00 p.m. Pacific Time on the first business day following the bid date [March 31, 2016] for the 2016A Bonds. The Bid Award Deposit must be made by wire transfer of the required amount to:

Name of Bank:	U.S. Bank National Association

ABA:	_____
Account Number:	_____
Account Name:	_____
For Further Credit:	_____
Attention:	_____

In the event a bidder’s Bid Award Deposit is not received by the designated time, the underlying bid may be disqualified at the option of the Authority.

No interest will be paid by the Authority on the amount of the Bid Award Deposit. The proceeds of the Bid Award Deposit of the winning bidder will be applied to the purchase price of the 2016A Bonds, or in the event of the failure of a winning bidder to pay for the 2016A Bonds in compliance with the terms of the bid, at the option of the Authority, its Bid Award Deposit may be retained as liquidated damages, as partial payment of actual damages or as security for any other remedy available to the Authority.

Right to Modify or Amend

The Authority reserves the right to modify or amend this Official Notice of Sale including, but not limited to the right to adjust and change the aggregate principal amount of the 2016A Bonds being

offered. Such notifications or amendments shall be made not later than 2:00 p.m. Pacific Standard Time on the business day immediately preceding the day of the bid opening and communicated through Thomson Municipal News and by facsimile transmission to any qualified bidder timely requesting such notice.

Right to Reject Bids or Waive Irregularities

The Authority reserves the right, in its discretion, to reject any and all bids and, to the extent permitted by law, to waive any irregularity or informality in any bid.

Right to Cancel, Postpone, or Reschedule Sale:

The Authority reserves the right to cancel, postpone or reschedule the sale of the 2016A Bonds upon notice given through the Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or *The Bond Buyer* not less than eighteen (18) hours prior to the time bids are to be received. If the sale is postponed, bids will be received at the place set forth above, at the date and time as the Authority shall determine. Notice of the new sale date and time, if any, will be given through Bloomberg News Service, Thompson Municipal Market Monitor (www.tm3.com) or *The Bond Buyer* no later than eighteen (18) hours prior to the new time bids are to be received. As an accommodation to bidders, telephone or fax notice of the postponement of the sale date and of the new sale date will be given to any bidder requesting such notice from the Municipal Advisor. Failure of any bidders to receive such notice shall not affect the legality of the sale.

Dated: March __, 2016

NEVADA IRRIGATION DISTRICT JOINT POWERS
AUTHORITY

By: _____
Executive Director

STRADLING YOCCA CARLSON & RAUTH

A PROFESSIONAL CORPORATION
ATTORNEYS AT LAW
500 CAPITOL MALL, SUITE 1120
SACRAMENTO, CA 95814
TELEPHONE (916) 449-2350
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COLORADO
DENVER
NEVADA
RENO
WASHINGTON
SEATTLE

February 3, 2016

Board of Directors
Nevada Irrigation District Joint Powers Authority
c/o Nevada Irrigation District
1036 West Main Street
Grass Valley, California 95945

Ladies and Gentlemen:

We thank you for the opportunity to continuing to represent the Nevada Irrigation District Joint Powers Authority (the "Authority") as bond counsel for the proposed new money financing on behalf of Nevada Irrigation District. As is traditional for bond counsel matters, our fees will be contingent on the completion of the financing and will be payable from the proceeds of the financing. Unless otherwise confirmed in writing, the terms of this letter and the enclosed Terms of Retention will govern our bond counsel representation of the Authority in connection with the matters identified above.

We are attaching our normal Terms of Retention, which is an integral part of our retention agreement. If this letter, including the attached Terms of Retention, accurately reflects your understanding of our relationship, please acknowledge your approval and acceptance of these terms by signing and returning this letter to me. Copies of each are enclosed for your files. I would be pleased to answer any questions you might have.

Very truly yours,

STRADLING YOCCA CARLSON & RAUTH

Douglas S. Brown

Enclosure

Terms of Retention
February 3, 2016
Page 2

The undersigned hereby agrees that the terms and conditions in this letter and the accompanying Terms of Retention shall apply to services rendered by Stradling Yocca Carlson & Rauth.

NEVADA IRRIGATION DISTRICT JOINT POWERS
AUTHORITY

By: _____
President

**TERMS OF RETENTION
OF
STRADLING YOCCA CARLSON & RAUTH**

1. **Fees and Costs.** Stradling Yocca Carlson & Rauth (the “Firm”) is typically compensated for its services based primarily on the value of the services and the time spent performing them. Such compensation may include the time spent on client conferences, travel, research, drafting documents, and other activities. The amount of fees charged on a statement is determined by the hours expended by the different attorneys and other professional personnel involved and the applicable rates. **For bond counsel services on the proposed financing of certain capital improvements on behalf of Nevada Irrigation District, however, we charge on a fixed fee basis for the scope of work described in Exhibit A hereto, contingent upon completion of the financing. The fixed fee for the current financing is \$60,000.**

The firm also charges for various costs such as copying, telephone charges, computerized legal research, word processing and/or other computer time, overtime costs, messenger services, travel, filing fees and other costs. Bills for some costs are passed on directly, such as bills for certified shorthand reporters, technical consultants, and other professional fees. **For bond counsel matters, expenses will be included in the fixed amount quoted to you as described above.**

2. **Date of Termination.** Our representation of you will be considered terminated at the earlier of: (i) your termination of our representation; (ii) our withdrawal from our representation of you; or (iii) the substantial completion of our substantive work for you.

3. **Termination by Authority.** We understand that we serve at the pleasure of the Authority and this Terms of Retention may be terminated by the Authority at any time, upon 10 days written notification with or without cause. In the event that our services are terminated prior to completion of the financing, no portion of any contingent bond counsel fee shall be payable to us.

4. **Termination by Us.** We reserve the absolute right to withdraw from representing you if, among other things, you fail to honor the terms of our agreement, you fail to cooperate fully or follow our advice on a material matter, or any fact or circumstance occurs that would, in our view, render our continuing representation unlawful or unethical. If we elect to withdraw, you will take all steps necessary to free us of any obligation to perform further services, including the execution of any documents necessary to complete our withdrawal, and we will be entitled to be paid at the time of withdrawal for all services rendered and costs and expenses paid or incurred on your behalf. Notwithstanding the foregoing, no portion of any contingent bond counsel fee shall be payable in the event we terminate our representation of you as discussed above prior to closing of the proposed transaction. If necessary in connection with litigation, we would request leave of court to withdraw.

5. **Related Activities.** If any claim or action is brought against us or any personnel or agents of the firm based on your negligence or misconduct, or if we are asked to testify as a result of our representation of you or must defend the confidentiality of your communications in any proceeding, you agree to pay us for any resulting fees, costs, or damages, including our time, even if our representation of you has ended.

6. **Client File and Retention.** For each matter we maintain a file in which we place certain documents and items, including original documents, that are reasonably necessary to our representation in the matter. We keep each file for seven years after a matter concludes. The file is your property and, subject to any protective order or non-disclosure agreement, you may request to take possession of it once the matter concludes. If you do not take possession of the file during that seven-year period, you agree that upon sixty days' notice to you we may dispose of it unless you request to take possession of it at that time. We will promptly notify you should all or any portion of the file become the subject of a subpoena, discovery request or other disclosure obligation ("Legal Process") while in our possession, including after the matter concludes. You agree to pay our then-prevailing hourly rates and costs we incur to comply with the Legal Process. Any additional charges for fees and costs in connection with the Legal Process will be subject to your approval.

7. **No Guarantee of Outcome.** The Firm will provide its services consistent with the level and quality of expertise expected of a nationally recognized firm specializing in securities law and the transactions contemplated by this agreement. We do not and cannot guarantee any outcome in a matter.

8. **Insurance.** We hereby advise you that this firm maintains professional errors and omissions insurance coverage applicable to the services to be rendered to you. Evidence of such insurance will be provided upon request.

9. **Identity of Client.** We represent only the entity named above in this matter. We do not represent any other entity or person, including any other company, partnership, organization, director, officer, employee, member, shareholder, partner, agent or family member, in this matter. Any representation by us of such other entity or person will be established only in a separate written agreement.

10. **Payment Notwithstanding Dispute.** In the event of any dispute that relates to our entitlement to any payment from you, all undisputed amounts shall be paid by you. Any amounts in any client trust account held on your behalf, sufficient to pay the disputed amounts, shall continue to be held in such trust account until the final disposition of the dispute.

11. **Arbitration.** We appreciate the opportunity to serve as your attorneys and anticipate a productive and harmonious relationship. If you should feel for any reason that there is a problem with the services we have performed or with our charges, we encourage you to bring that to our attention immediately. If we perceive a problem with your representation, we likewise will endeavor to discuss it with you. Most problems should be rectified by communication and discussion. However, a dispute might arise between us which could not be resolved by negotiation. We believe that such attorney-client disputes are most satisfactorily resolved through final and binding arbitration rather than by litigation. Both the United States Supreme Court and the California Supreme Court have endorsed arbitration as an accepted and favored method of resolving disputes, because it is economical and expeditious.

In arbitration, there is no right to a trial by jury and the arbitrator's legal and factual determinations are generally not subject to appellate review. Arbitration rules of evidence and

procedure are often less formal and less rigid than the rules which apply in Court. Arbitration usually results in a decision much more quickly than proceedings in Court, and the attorneys' fees and other costs incurred by both sides may be substantially less. You are free to discuss the advisability of arbitration with us, or with your own independent counsel or any of your other advisors, and to ask any questions which you may have.

By signing this Terms of Retention, we agree that, in the event of any dispute or claim arising out of or relating to our engagement, our relationship, our charges, or our services (including but not limited to disputes or claims regarding our charges, professional malpractice, errors or omissions, breach of contract, breach of fiduciary duty, fraud, or violation of any statute), SUCH DISPUTE OR CLAIM SHALL BE RESOLVED BY SUBMISSION TO FINAL AND BINDING ARBITRATION IN SACRAMENTO COUNTY, CALIFORNIA, BEFORE A RETIRED JUDGE OR JUSTICE. BY AGREEING TO ARBITRATE, YOU WAIVE ANY RIGHT YOU HAVE TO A COURT OR JURY TRIAL. Venue with regard to any ancillary proceedings arising out of such dispute or claim shall also be in Orange County. If we are unable to mutually agree on a retired judge or justice, then each side will name one retired judge or justice and the two named persons will select a neutral judge or justice who will act as the sole arbitrator. The fees of the arbitrator will be paid initially equally by both the Firm and you. However, the arbitrator shall have the right to order either party to pay all fees and costs as part of his award.

In arbitration, we shall both be entitled to conduct discovery in accordance with the provisions of the California Code of Civil Procedure, but either of us may request that the arbitrator limit the amount or scope of such discovery and, in determining whether to do so, the arbitrator shall balance the need for the discovery against the parties' mutual desire to resolve disputes expeditiously and inexpensively.

Under California law, you have the right, if you desire, to request arbitration of any fee dispute before an arbitrator or panel of arbitrators selected by a local bar association or the State Bar ("Bar Arbitration") and a trial de novo in court if dissatisfied with the result. If you do request a Bar Arbitration, the law provides that evidence of any claim of malpractice or professional misconduct is admissible only concerning the fees or costs in dispute and that the Bar Arbitrators shall not award any affirmative relief in the form of damages, offset or otherwise on account of such claim. By signing this Terms of Retention, you agree that if a Bar Arbitration is conducted, that Bar Arbitration or any trial de novo in Court thereafter shall determine only the issue of the amount of fees properly chargeable to you, if any, and that such Bar Arbitration or trial de novo in Court thereafter shall have no effect on the provisions set forth above which require arbitration before a retired judge or justice of any claims for affirmative relief based on alleged professional malpractice, errors or omissions, breach of conduct, breach of fiduciary duty, fraud or violation of any statute. Any such claims shall be solely determined in an arbitration proceeding by a retired judge or justice without regard to the result of any Bar Arbitration or trial de novo thereafter.

12. **Our Counsel.** We have both internal counsel and outside counsel who advise our professionals about their ethical, professional and legal duties. From time to time, our professionals may consult such counsel about this matter. You acknowledge that such

consultations are protected from disclosure to you by the attorney-client privilege between our counsel and us. You also agree that any such communications are not part of your client file, and that you waive any right to obtain discovery of those communications.

13. **Client Communication.** You hereby designate Marvin Davis, Finance Manager/Treasurer, to act on your behalf for this matter, and you authorize us to communicate with, and receive directions from, that person and any other person that Marvin Davis may designate in the future.

14. **No Representation of Other Parties.** The Firm has represented, and may represent in the future, underwriting firms from time-to-time in connection with other specific municipal finance offerings. In addition, the Firm has in the past, and may in the future, represent Nevada Irrigation District and represent other water agencies as bond counsel on municipal finance offerings unrelated to the Authority financings. The Firm confirms that it is not representing any other party in connection with the issuance of the bonds which is the subject of this engagement.

15. **Miscellaneous.** This letter sets forth the entire agreement between you and us, and there is no other or additional understandings between you and us on these subjects. This agreement supersedes any prior agreements or representations, written or oral, between you and us on these subjects. Any modification or amendment to this agreement must be in a writing signed by you and us. This agreement shall be governed by California law without reference to its conflict of law principles. If any provision of this agreement is found to be invalid or unenforceable, that provision shall be deemed modified or removed so that it is valid and enforceable to the fullest extent of the law, and the other provisions of this agreement shall be unimpaired.

16. **Effective Date.** The effective date of this agreement is the date you sign this letter, but if signed, will apply back to the date we first provided legal services to you with regard to our fees. The date of this letter is for reference only.

17. **Primary Attorney.** The primary attorney with responsibility for this representation will be Douglas S. Brown. The parties agree that the Firm is being retained based on the unique skill, experience, and expertise of Mr. Brown and no change will be made in the primary attorney without the prior, written consent of the Authority. The Firm will not substitute another primary attorney without the prior, reasonable, approval of the Authority.

EXHIBIT A

SCOPE OF SERVICES

As Bond Counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation (the “Firm”), will undertake the following Scope of Services on the proposed transaction:

1. **Preparation of Legal Documents.** Provide bond counsel services in connection with the funding of certain capital improvements on behalf of Nevada Irrigation District, including but not limited to:

- advice and consultation with the general manager, finance director, general counsel, financial advisor and the Boards of Directors regarding the proposed financing, the revenues to be pledged, proposed financial covenants and the financing process;
- preparation of all legal proceedings for the Authority and the District in connection with the proposed financing;
- drafting various resolutions, documents and agreements for consideration by the Boards of Directors of the Authority and the District;
- participating in meetings, hearings or negotiations with the staff, Board committees, Boards of Directors, financial advisor, and other financing team members as the circumstances require;
- render a tax opinion that interest earned with respect to the debt obligation is exempt from State and Federal taxes; and
- prepare final closing documents to be executed by the District to effect delivery of any financing (including the tax certificate) and coordinate the adoption and execution of all documents and of the closing.

2. **Drafting of Official Statement and Delivery of Security Law Opinions.**

- preparation of disclosure policies and procedures.
- provide disclosure training to Authority and District staff.
- assist the Authority and District staff in drafting the preliminary official statement and the final official statement.
- render a bond counsel supplemental opinion with respect to those portions of the final official statement which summarize the financing documents;
- render a 10b-5 opinion on certain sections of the official statements (not including any appendices thereto other than the appendix relating to Nevada Irrigation District) addressed to the underwriter in our customary form.

We understand that the Authority and/or the District have engaged a third party to review its compliance with its prior continuing disclosure undertaking and advise it with respect to any necessary supplemental filings.

RESOLUTION NO. __

**A RESOLUTION OF THE NEVADA IRRIGATION DISTRICT
AUTHORIZING THE EXECUTION AND DELIVERY OF AN
INSTALLMENT PURCHASE AGREEMENT FOR THE
PURPOSE OF CAUSING THE ISSUANCE OF NOT TO
EXCEED \$25,700,000 AGGREGATE PRINCIPAL AMOUNT
OF REVENUE BONDS AND APPROVING THE EXECUTION
AND DELIVERY OF CERTAIN DOCUMENTS IN
CONNECTION THEREWITH AND CERTAIN OTHER
MATTERS**

WHEREAS, the Nevada Irrigation District (the “District”), an irrigation district duly organized and existing under and by virtue of the laws of the State of California (the “State”), proposes to undertake the financing of the acquisition and construction of certain improvements, betterments, renovations and expansions of District facilities (the “2016A Project”); and

WHEREAS, the District is a member of the Nevada Irrigation District Joint Powers Authority (the “Authority”), a public entity duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State; and

WHEREAS, the Authority has agreed to issue revenue bonds (the “2016A Bonds”) to assist the District in financing the 2016A Project; and

WHEREAS, the Board of Directors of the District (the “Board”) has determined that it is in the best interest of the District to enter into an installment purchase agreement with the Authority in connection therewith, and to approve certain other documents;

NOW, THEREFORE, the Board of Directors of the Nevada Irrigation District hereby finds, determines, declares and resolves as follows:

SECTION 1. Installment Purchase Agreement. The Installment Purchase Agreement, in substantially the form attached hereto as Exhibit A and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board and the General Manager of the District or the designee thereof are each hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by General Counsel and Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel (“Bond Counsel”), and approved by the officers executing the same, said execution being conclusive evidence of such approval.

SECTION 2. Continuing Disclosure Certificate. The Continuing Disclosure Certificate, in substantially the form attached hereto as Exhibit B and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board and the General Manager of the District or the designee thereof are each hereby individually authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by General

Counsel and Bond Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval.

SECTION 3. 2016A Bonds. The District hereby authorizes the sale by the Authority of the 2016A Bonds at competitive sale; provided, however, that in no event shall the aggregate principal amount of the 2016A Bonds exceed \$25,700,000, nor shall the underwriting discount for the 2016A Bonds exceed 2.0%, nor shall the true interest cost of the 2016A Bonds exceed 5.0% per annum.

SECTION 4. Preliminary Official Statement. The preparation and distribution of Appendix A to the Preliminary Official Statement in substantially the form attached hereto as Exhibit C is approved. The General Manager of the District or the designee thereof is authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") relating to Appendix A to the Preliminary Official Statement. The President of the Board and the General Manager of the District or the designee thereof are each hereby individually authorized and directed to execute, approve and deliver Appendix A to the Official Statement in the form of Appendix A to the Preliminary Official Statement, with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by General Counsel and Bond Counsel, and approved by the officer executing the same, said execution being conclusive evidence of such approval. Fieldman Rolapp & Associates, as financial advisor to the District and the Authority, is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2016A Bonds and the underwriter which purchases the 2016A Bonds at competitive sale is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2016A Bonds.

SECTION 5. Disclosure Policies and Procedures. The Continuing Disclosure Policies and Procedures, in substantially the form attached hereto as Exhibit E and made a part hereof as though set forth in full herein, are hereby approved and adopted.

SECTION 6. Other Actions. The President and Vice President of the Board or the General Manager of the District or the designee thereof and any other proper officers of the District, acting singly, are each hereby individually authorized and directed to do any and all things consistent with this Resolution and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2016A Bonds, the delivery of the Installment Purchase Agreement, the Continuing Disclosure Certificate, Appendix A to the Preliminary Official Statement and Appendix A to the final Official Statement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 7. Bond Counsel. The District hereby approves the appointment of Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel to the Authority in accordance with the terms of the engagement letter attached hereto as Exhibit F.

SECTION 8. Effect. This Resolution shall take effect immediately.

SECTION 9. Recitals. Each of the foregoing recitals are true and correct.

PASSED AND ADOPTED THIS 23RD DAY OF MARCH, 2016.

President of the Board of Directors

[SEAL]

Attest:

Secretary of the Board of Directors

RESOLUTION NO. __

A RESOLUTION OF THE BOARD OF DIRECTORS OF NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$25,700,000 AGGREGATE PRINCIPAL AMOUNT OF REVENUE BONDS AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Nevada Irrigation District Joint Powers Authority (the “Authority”), a public entity duly organized and existing under a joint exercise of powers agreement and under the Constitution and laws of the State of California (the “State”), has the powers, among others, to issue bonds and to finance facilities on behalf of its members; and

WHEREAS, the Nevada Irrigation District (the “District”), an irrigation district duly organized and existing under and by virtue of the laws of the State, a member of the Authority, proposes to undertake the financing of certain District facilities (the “2016A Project”); and

WHEREAS, the Board of Directors of the Authority (the “Board”) has determined that it is desirable to issue revenue bonds (the “2016A Bonds”) to assist the District in financing the 2016A Project; and

WHEREAS, the Board has determined that it is in the best interest of the Authority to enter into an installment purchase agreement with the District in connection therewith, and to approve certain other documents;

NOW, THEREFORE, the Board of Directors of the Nevada Irrigation District Joint Powers Authority hereby finds, determines, declares and resolves as follows:

SECTION 1. Indenture of Trust. The Indenture of Trust, in substantially the form on file with the Secretary of the Authority and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board and the Executive Director of the Authority or the designee thereof are each hereby individually authorized and directed to execute and deliver the Indenture of Trust with such changes, insertions and omissions as may be recommended by Stradling Yocca Carlson & Rauth, a Professional Corporation, as Bond Counsel (“Bond Counsel”), and approved by the officers executing the same, said execution being conclusive evidence of such approval.

SECTION 2. Installment Purchase Agreement. The Installment Purchase Agreement, in substantially the form on file with the Secretary of the Authority and, upon execution as authorized below, made a part hereof as though set forth in full herein, is hereby approved. The President of the Board and the Executive Director of the Authority or the designee thereof are each hereby individually authorized and directed to execute and deliver the Installment Purchase Agreement with such changes, insertions and omissions as are consistent with this Resolution and which may be

recommended by Bond Counsel, and approved by the officers executing the same, said execution being conclusive evidence of such approval.

SECTION 3. Preliminary Official Statement. The preparation and distribution of the Preliminary Official Statement relating to the 2016A Bonds (excepting Appendix A therefrom, the "Preliminary Official Statement") in the form presented at this meeting is approved. The President of the Board or the Executive Director of the Authority or the designee thereof are each authorized individually to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule") relating to the Preliminary Official Statement. The President of the Board or the Executive Director of the Authority or the designee thereof are each hereby individually authorized and directed to execute, approve and deliver the Official Statement in the form of the Preliminary Official Statement, with such changes, insertions and omissions as are consistent with this Resolution and which may be recommended by Bond Counsel, in accordance with the Rule, and approved by the officers executing the same, said execution being conclusive evidence of such approval. Fieldman Rolapp & Associates, financial advisor to the District and the Authority (the "Financial Advisor") is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the 2016A Bonds and the underwriter which is the successful bidder for the 2016A Bonds as determined in accordance with Section 5 below is directed to deliver copies of any final Official Statement to all actual initial purchasers of the 2016A Bonds.

SECTION 4. 2016A Bonds. The Board hereby authorizes the sale of the 2016A Bonds at competitive sale; provided, however, that in no event shall the aggregate principal amount of the 2016A Bonds exceed \$25,700,000, nor shall the underwriting discount for the 2016A Bonds exceed 2.0%, nor shall the true interest cost of the 2016A Bonds exceed 5.0% per annum. The Executive Director or Finance Manager of the Authority or the designee thereof is hereby authorized and directed to award the sale of the 2016A Bonds to the bidder with the lowest true interest cost, taking into account the underwriting discount. The Executive Director or Finance Manager of the Authority or the designee thereof may accept or reject all or any portion of bids received on the 2016A Bonds in order to accomplish the goals of the District as set forth herein.

SECTION 5. Notice of Intention to Sell Securities. The Executive Director or Finance Manager of the Authority and the Secretary, in cooperation with Bond Counsel and the Financial Advisor, are each hereby individually authorized and directed, (i) pursuant to Section 53692 of the California Government Code, to cause to be published the Notice of Intention to Sell Securities once at least five (5) days prior to the date set for receipt of bids on the Bonds, in a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the securities and (ii) to cause the Official Notice of Sale, in substantially the form on file with the Secretary of the Authority, to be circulated among prospective bidders.

SECTION 6. Trustee. U.S. Bank National Association, San Francisco, California, is hereby appointed to act as trustee under the Indenture of Trust.

SECTION 7. Bond Counsel. Stradling Yocca Carlson & Rauth, a Professional Corporation, is hereby appointed to act as Bond Counsel to the Authority in accordance with the terms of the engagement letter on file with the Secretary.

SECTION 8. Disclosure Policies and Procedures. The Continuing Disclosure Policies and Procedures, in substantially the form on file with the Secretary and made a part hereof as though set forth in full herein, are hereby approved and adopted.

SECTION 9. Other Actions. The President or Vice President of the Board, the Executive Director or Finance Manager of the Authority or the designee thereof and any other proper officers of the Authority, acting singly, are each authorized and directed to do any and all things and to execute and deliver any and all documents and certificates which such officers may deem necessary or advisable in order to consummate the sale, execution and delivery of the 2016A Bonds, the delivery of the Indenture of Trust, the Installment Purchase Agreement, the Notice of Sale, the Preliminary Official Statement and the final Official Statement and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

SECTION 10. Effect. This Resolution shall take effect immediately.

SECTION 11. Recitals. Each of the foregoing recitals are true and correct.

PASSED AND ADOPTED THIS 23RD DAY OF MARCH, 2016.

President of the Board of Directors

[SEAL]

ATTEST:

Secretary of the Board of Directors

SOURCES AND USES OF FUNDS

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

LEVEL WRAPPING SOLUTION BASED ON 'AA+' SCALE
PRELIMINARY, SUBJECT TO CHANGE AND TO MARKET CONDITIONS

Sources:

Bond Proceeds:	
Par Amount	20,475,000.00
Premium	4,393,062.40
	24,868,062.40

Uses:

Project Fund Deposits:	
Combie Phase I Pipeline and Centennial Reservoir	24,500,000.00
Delivery Date Expenses:	
Cost of Issuance	160,000.00
Underwriter's Discount	204,750.00
	364,750.00
Other Uses of Funds:	
Additional Proceeds	3,312.40
	24,868,062.40

Notes:
Cost of Issuance and Underwriter's Discount are estimates used for sizing purposes and are subject to change.
No debt service reserve fund requirement.

BOND SUMMARY STATISTICS

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

LEVEL WRAPPING SOLUTION BASED ON 'AA+' SCALE
PRELIMINARY, SUBJECT TO CHANGE AND TO MARKET CONDITIONS

Dated Date	04/13/2016
Delivery Date	04/13/2016
Last Maturity	03/01/2031
Arbitrage Yield	2.113683%
True Interest Cost (TIC)	2.567496%
Net Interest Cost (NIC)	2.897736%
All-In TIC	2.649459%
Average Coupon	4.989422%
Average Life (years)	9.780
Duration of Issue (years)	8.052
Par Amount	20,475,000.00
Bond Proceeds	24,868,062.40
Total Interest	9,990,630.83
Net Interest	5,802,318.43
Total Debt Service	30,465,630.83
Maximum Annual Debt Service	2,302,125.00
Average Annual Debt Service	2,046,962.88
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	10.000000
Total Underwriter's Discount	10.000000
Bid Price	120.455738

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	20,475,000.00	121.456	4.989%	9.780
	20,475,000.00			9.780

	TIC	All-In TIC	Arbitrage Yield
Par Value	20,475,000.00	20,475,000.00	20,475,000.00
+ Accrued Interest			
+ Premium (Discount)	4,393,062.40	4,393,062.40	4,393,062.40
- Underwriter's Discount	-204,750.00	-204,750.00	
- Cost of Issuance Expense		-160,000.00	
- Other Amounts			
Target Value	24,663,312.40	24,503,312.40	24,868,062.40
Target Date	04/13/2016	04/13/2016	04/13/2016
Yield	2.567496%	2.649459%	2.113683%

BOND PRICING

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

LEVEL WRAPPING SOLUTION BASED ON 'AA+' SCALE
PRELIMINARY, SUBJECT TO CHANGE AND TO MARKET CONDITIONS

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	03/01/2017	570,000	3.000%	0.580%	102.128
	03/01/2018	590,000	4.000%	0.770%	106.027
	03/01/2019	615,000	5.000%	0.950%	111.491
	03/01/2020	650,000	5.000%	1.100%	114.785
	03/01/2021	680,000	5.000%	1.270%	117.605
	03/01/2022	715,000	5.000%	1.390%	120.324
	03/01/2023	1,500,000	5.000%	1.590%	122.148
	03/01/2024	1,580,000	5.000%	1.780%	123.584
	03/01/2025	1,665,000	5.000%	1.920%	125.042
	03/01/2026	1,745,000	5.000%	2.050%	126.268
	03/01/2027	1,835,000	5.000%	2.200%	124.747 C
	03/01/2028	1,930,000	5.000%	2.300%	123.745 C
	03/01/2029	2,025,000	5.000%	2.380%	122.950 C
	03/01/2030	2,130,000	5.000%	2.450%	122.260 C
	03/01/2031	2,245,000	5.000%	2.530%	121.476 C
		20,475,000			

Dated Date	04/13/2016	
Delivery Date	04/13/2016	
First Coupon	09/01/2016	
Par Amount	20,475,000.00	
Premium	4,393,062.40	
Production	24,868,062.40	121.455738%
Underwriter's Discount	-204,750.00	-1.000000%
Purchase Price	24,663,312.40	120.455738%
Accrued Interest		
Net Proceeds	24,663,312.40	

BOND DEBT SERVICE

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

LEVEL WRAPPING SOLUTION BASED ON 'AA+' SCALE
PRELIMINARY, SUBJECT TO CHANGE AND TO MARKET CONDITIONS

Period Ending	Principal	Coupon	Interest	Debt Service
12/31/2016			385,805.83	385,805.83
12/31/2017	570,000	3.000%	997,900.00	1,567,900.00
12/31/2018	590,000	4.000%	977,550.00	1,567,550.00
12/31/2019	615,000	5.000%	950,375.00	1,565,375.00
12/31/2020	650,000	5.000%	918,750.00	1,568,750.00
12/31/2021	680,000	5.000%	885,500.00	1,565,500.00
12/31/2022	715,000	5.000%	850,625.00	1,565,625.00
12/31/2023	1,500,000	5.000%	795,250.00	2,295,250.00
12/31/2024	1,580,000	5.000%	718,250.00	2,298,250.00
12/31/2025	1,665,000	5.000%	637,125.00	2,302,125.00
12/31/2026	1,745,000	5.000%	551,875.00	2,296,875.00
12/31/2027	1,835,000	5.000%	462,375.00	2,297,375.00
12/31/2028	1,930,000	5.000%	368,250.00	2,298,250.00
12/31/2029	2,025,000	5.000%	269,375.00	2,294,375.00
12/31/2030	2,130,000	5.000%	165,500.00	2,295,500.00
12/31/2031	2,245,000	5.000%	56,125.00	2,301,125.00
	20,475,000		9,990,630.83	30,465,630.83

AGGREGATE DEBT SERVICE

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

LEVEL WRAPPING SOLUTION BASED ON 'AA+' SCALE
PRELIMINARY, SUBJECT TO CHANGE AND TO MARKET CONDITIONS

Period Ending	2016 Bonds - \$24.5 million new money - Level Wrapped 'AA+'	California DPH - Cement Hill Pump Zone Loan	2011 Revenue Bonds	Aggregate Debt Service
12/31/2016	385,805.83	320,000	2,084,218.76	2,790,024.59
12/31/2017	1,567,900.00	320,000	2,074,643.76	3,962,543.76
12/31/2018	1,567,550.00	320,000	2,077,968.76	3,965,518.76
12/31/2019	1,565,375.00	320,000	2,077,143.76	3,962,518.76
12/31/2020	1,568,750.00	320,000	2,077,268.76	3,966,018.76
12/31/2021	1,565,500.00	320,000	2,079,018.76	3,964,518.76
12/31/2022	1,565,625.00	320,000	2,077,268.76	3,962,893.76
12/31/2023	2,295,250.00	320,000	1,348,175.01	3,963,425.01
12/31/2024	2,298,250.00	320,000	1,347,587.51	3,965,837.51
12/31/2025	2,302,125.00	320,000	1,344,643.76	3,966,768.76
12/31/2026	2,296,875.00	320,000	1,349,193.76	3,966,068.76
12/31/2027	2,297,375.00	320,000	1,346,475.01	3,963,850.01
12/31/2028	2,298,250.00	320,000	1,345,706.26	3,963,956.26
12/31/2029	2,294,375.00	320,000	1,347,306.26	3,961,681.26
12/31/2030	2,295,500.00	320,000	1,347,306.26	3,962,806.26
12/31/2031	2,301,125.00	320,000	1,344,381.26	3,965,506.26
12/31/2032		320,000	1,348,268.76	1,668,268.76
12/31/2033		320,000	1,345,137.51	1,665,137.51
12/31/2034			1,344,234.38	1,344,234.38
12/31/2035			1,345,312.50	1,345,312.50
12/31/2036			1,348,875.00	1,348,875.00
	30,465,630.83	5,760,000	33,400,134.56	69,625,765.39

COST OF ISSUANCE

NEVADA IRRIGATION DISTRICT JOINT POWERS AUTHORITY
REVENUE BONDS, SERIES 2016A

LEVEL WRAPPING SOLUTION BASED ON 'AA+' SCALE
PRELIMINARY, SUBJECT TO CHANGE AND TO MARKET CONDITIONS

Cost of Issuance	\$/1000	Amount
Bond Counsel	2.93040	60,000.00
Financial Advisor	2.90598	59,500.00
Credit Rating	1.00122	20,500.00
Trustee	0.24420	5,000.00
Printing of OS / POS	0.24420	5,000.00
Miscellaneous / Contingency	0.48840	10,000.00
	7.81441	160,000.00

NEVADA IRRIGATION DISTRICT
Projected Operating Results and Debt Service Coverage
(Fiscal Year Ended December 31)

	2015 ⁽¹⁾	2016	2017	2018	2019
Revenues					
Treated Water ⁽²⁾	\$ 11,919,464	\$ 14,566,540	\$ 15,440,532	\$ 16,366,964	\$ 17,348,982
Raw Water ⁽²⁾	6,197,696	5,801,697	6,149,799	6,518,787	6,609,914
Other Sales ⁽³⁾	717,723	1,004,726	1,034,868	1,065,914	1,097,891
Hydroelectric Loan Repayment ⁽⁴⁾	6,035,061	3,000,000	3,000,000	--	--
Electric Power Sales ⁽⁵⁾	20,902,965	18,492,423	19,047,196	20,618,612	21,237,170
Taxes and Assessments ⁽⁶⁾	10,388,881	10,508,405	10,771,115	11,040,393	11,316,403
Investment Income ⁽⁷⁾	458,615	650,000	650,000	650,000	650,000
New Connections and Installations	163,300	144,600	125,000	125,000	125,000
Standby Charges	127,318	172,266	170,000	170,000	170,000
Other ⁽⁸⁾	<u>1,186,970</u>	<u>578,710</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Total Revenues	\$ 58,097,993	\$ 54,919,427	\$ 56,888,510	\$ 57,055,669	\$ 59,355,360
Maintenance & Operation Costs – Water ⁽⁹⁾	\$ 30,021,932	\$ 31,287,878	\$ 32,148,295	\$ 34,032,373	\$ 34,968,263
Maintenance & Operation Costs – Hydroelectric ⁽⁹⁾	9,101,553	12,695,450	13,166,314	14,151,303	14,575,842
Hydroelectric Loan ⁽⁴⁾	<u>6,035,061</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>--</u>	<u>--</u>
Total Maintenance & Operation Costs ⁽⁹⁾	\$ 45,158,546	\$ 46,983,328	\$ 48,314,609	\$ 48,183,676	\$ 48,544,105
Net Revenues Available For Debt Service	\$ 12,939,448	\$ 7,936,099	\$ 8,573,901	\$ 8,871,994	\$ 9,811,255
Debt Service ⁽¹⁰⁾					
2005 Installment Purchase Agreement	\$ 1,968,863	\$--	\$--	\$--	\$--
2011 Installment Purchase Agreement	2,078,219	2,084,219	2,074,644	2,077,969	2,077,144
2016 Installment Purchase Agreement ⁽¹¹⁾	--	385,805	1,567,900	1,567,550	1,565,375
CDPH Loan ⁽¹²⁾	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>	<u>320,000</u>
Total Debt Service	\$4,367,081	\$2,790,024	\$3,962,544	\$3,965,519	\$3,962,519
Revenues Remaining After Payment of Debt Service	\$8,572,366	\$5,146,075	\$4,611,358	\$4,906,475	\$5,848,736
Debt Service Coverage ⁽¹³⁾	2.96	2.84	2.16	2.24	2.48

(1) Reflects unaudited actual amounts. Total Revenues equals Total Sales and Other Revenues.

(2) Reflects projected water sales revenues described under the caption “Projected Annual Water Sales, Customers and Average Monthly Water Sales.” Projected to increase approximately 9.6% from Fiscal Year 2015 to 2017 pursuant to approved rate increase and additional demand and approximately 6.0% per annum thereafter pursuant to projected rate increases and additional demand. See the captions “Water System Rates and Charges” and “Projected Demand.” Rate increases are subject to the notice, public hearing and protest process described in the Official Statement under the caption “CONSTITUTIONAL LIMITATIONS TAXES—Proposition 218.” There can be no assurance that the Board will not reduce approved rate increases in the future or that rate increases through Fiscal Year 2019 will be adopted as currently projected.

(3) Projected to at 3% per annum from Fiscal Year 2016 amount.

(4) Reflects repayment of loan from the Water System to the hydroelectric fund for FERC relicensing costs. See the caption “Hydroelectric System Revenues—*Expiration of FERC License*” above.

(Footnotes Continued on Following Page)

Nevada Irrigation District Joint Powers Authority Revenue Bonds, Series 2016A

INTERESTED PARTIES LIST

Issuer

Nevada Irrigation District

1036 W. Main Street
Grass Valley, CA 95945

Timothy Crough, Assistant General Manager

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Marvin V. Davis, Finance Manager/Treasurer

☎ (530) 273-6855
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Issuer Counsel

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Bond Counsel/Disclosure Counsel

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Financial Advisor

Fieldman, Rolapp & Associates

19900 MacArthur Blvd., Suite 1100
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Tom DeMars, Principal/Senior Vice President

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Lora Carpenter, Associate

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**Nevada Irrigation District Joint Powers Authority
Revenue Bonds, Series 2016A**

INTERESTED PARTIES LIST

Underwriter


TO BE DETERMINED

:
[email](#)

Trustee

U.S. Bank National Association
Global Corporate Trust Services
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San Francisco, CA 94111

Marianne Diaz

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Trustee's Counsel

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marianne.diaz@usbank.com;
wong.dennis@dorseylaw.com;



FINANCING SCHEDULE

Financing Date	Description
Tuesday, March 08, 2016	Rating Agency Presentation
Tuesday, March 22, 2016	Receive Credit Ratings
Wednesday, March 23, 2016	Board Meeting to Approve Financing and Legal Documents
Thursday, March 24, 2016	Post POS
+/- Wednesday, April 6, 2016	Competitive Bond Sale
Wednesday, April 20, 2016	Closing