

District Board Members

Blane Maynor  
Division 1  
Nicole Johnson - President  
Division 2  
Randy Mendosa - Vice President  
Division 3  
Elena David  
Division 4  
David Rosen  
Division 5



District Staff

Justin McDonald  
Fire Chief  
Becky Schuette  
Clerk of the Board

# Regular Board Meeting September 14, 2021 5:30 PM Location: *Remote Via Zoom*

---

To meet the State required Shelter in Place mandate, this Regular Board Meeting of the Board of Directors for the Arcata Fire Protection District will be held via remote access using Zoom.

You may join from a smart device or computer by copy and pasting this link into your web browser: <https://us02web.zoom.us/j/551748203>  
Meeting ID: 551 748 203

## AGENDA

---

CALL TO ORDER

PLEDGE OF ALLEGIANCE - Suspended for virtual meetings

ATTENDANCE & DETERMINATION OF QUORUM

APPROVAL OF AGENDA

PUBLIC COMMENT/ASSOCIATION REPORTS

Pg. 4

*Any person may address the District Board on any subject pertaining to District business, which is not listed on the agenda. This comment is provided by the Ralph M. Brown Open Meeting Act (Government Code § 54950 et seq.) and may be limited to three (3) minutes for any person addressing the Board. Any request that requires Board action may be set by the Board for a future agenda or referred to staff.*

- Senior Management Group
- Local 4981
- Arcata Volunteer Firefighters Association

Pg. 5

## CONSENT CALENDAR

*Consent calendar items are considered routine and are acted upon by the Board with a single action. Members of the audience wishing to provide public input may request that the Board remove the item from the Consent Calendar. Comments may be limited to three (3) minutes.*

1. Minutes from August 10, 2021, Regular Meeting Pg. 7
2. Minutes from August 13, 2021, Special Meeting Pg. 23
3. August 2021 Financial Report Pg. 25
4. Adopt Resolution 21-243, Identifying the Terms and Conditions for the Fire District Response Away from their Official Duty Station and Assigned to an Emergency Incident Pg. 38
5. Authorize Removal of Four Outstanding Invoices from the District Accounts Receivable Records Pg. 40

## CORRESPONDENCE & COMMUNICATIONS

Pg. 41

1. Public Correspondence
2. Committee Reports
  - a. Arcata Station Rent Committee
  - b. Fire Chief's Evaluation Committee
3. Fire Chief's Monthly Report Pg. 42
4. Director Matters

## DISTRICT BUSINESS

Pg. 47

1. **PUBLIC HEARING - Adoption of Fiscal Year 2021-22 Budget** Pg. 48
  - a. Attachment 1 - Draft Fiscal Year 2021- Budget Pg. 50
  - b. Attachment 2 - Resolution 21-244 with Exhibit A Pg. 57

*\* Notice is hereby given that the Arcata Fire Protection District will convene a public hearing to consider the adoption of FY 2021/22 budget*
2. Consider Approval of Resolution 21-245 with Exhibit A Adopting a Debt Management Policy Pg. 59
  - a. Attachment 1 - Resolution 21-245 with Exhibit A Pg. 61
3. Consider Approval of Resolution 21-246 Refinancing a Portion of the District's Outstanding CalPERS Unfunded Liability and Authorizing the Form of Financing Documents in Connection Therewith Pg. 73
  - a. Attachment 1 - Summary of Proposals Received Pg. 76
  - b. Attachment 2 - Resolution 21-246 Pg. 77
  - c. Attachment 3 - Financing Agreement Pg. 81
  - d. Attachment 4 - Payment Instructions Pg. 135
  - e. Attachment 5 - PowerPoint Presentation Pg. 145

## CLOSED SESSIONS

*At any time during the regular session, the Board may adjourn to closed session to consider existing or anticipated litigation, liability claims, real property negotiations, license and permit determinations, threats to security, public employee appointments, personnel matters, evaluations and discipline, labor negotiations, or to discuss with legal counsel matters within the attorney-client privilege.*

1. Conference with Labor Negotiator (Gov. Code Section 54957.6)  
Employee Organization: *Local 4981*  
Agency designated representative: *District Counsel Jack Hughes*
2. Conference with Labor Negotiator (Gov. Code Section 54957.6)  
Employee Organization: *Senior Management Group*  
Agency designated representative: *District Counsel Jack Hughes*

3. Conference with Real Property Negotiators (Gov. Code Section 54956.8)  
Property: 631 9<sup>th</sup> Street, Arcata, California  
Agency Negotiators: Director Nicole Johnson and Director Randy Mendosa

## ADJOURNMENT

Next Regular Board Meeting is scheduled for October 12, 2021, at 5:30 pm **IN PERSON**,  
**ARCATA FIRE STATION**, 631 9<sup>TH</sup> Street, Arcata.

Prepared by: *Becky Schuette, Clerk of the Board*

---

*The Arcata Fire Protection District ("District"), in compliance with the Americans with Disabilities Act ("ADA"), individuals who require special accommodations to access, attend and/or participate in District board meetings due to a disability, shall make their request by calling (707)825-2000, no later than 48 hours in advance of the scheduled meeting time. In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority of, or all, the Board in advance of a meeting may be viewed at 2149 Central Avenue, McKinleyville, California or at the scheduled meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the Board Secretary, at (707) 825-2000.*

*The meeting agenda is posted at least 72 hours in advance of regular scheduled meetings, at the following locations:*

- *District's Headquarters' Building, 2149 Central Avenue, McKinleyville, CA 95519*
- *Arcata Downtown Station, 631 9<sup>th</sup> Street, Arcata, CA 95521*
- *Mad River Station, 3235 Janes Road, Arcata, CA 95521*
- *The Arcata Fire Protection District website: [www.arcatafire.org](http://www.arcatafire.org)*

# Public Comment & Association Reports



## **ARCATA VOLUNTEER FIREFIGHTERS ASSOCIATION, INC.**

2149 Central Avenue  
McKinleyville, California 95519  
(707) 825-2000

**Date: 9/14/2021 MONTHLY ACTIVITY REPORT**  
**To: Board of Directors, Arcata Fire District**  
**From: Arcata Volunteer Firefighters' Association**

**Mission: We exist to provide support, advocacy, and a social network for those volunteering to contribute to the mission of the Arcata Fire District.**

### **Volunteering**

- Volunteer hours of support for August were about 62 hours.
  - Volunteers participate in the annual HSU Drill
  - Meeting to discuss colored address placard project
  - Rebuild open house children's display
  - Various Association and District meetings
  - CPR and First Aid Classes

### **Grants; Recent Grants Activity**

- Members met with Captain Ross McDonald to begin planning the color-coded rural house number signs project which is funded by grants from the California Fire Foundation and PG&E.
- Received a grant \$525 for 7 dog CPR mask sets from the Emma Zen Foundation.
- Still Pending
  - The FEMA SAFER Grant to District staffing of 10 positions for 3 years.
  - The FEMA Assistance to Firefighters Grant (AFG) for 50 portable radios, 20 mobile, and 3 base stations and new extrication equipment.

### **Membership**

- Planning for a meeting with Old Timers and Association Members to outline the status of the potential sell of the Arcata Station to the District.

### **AVFA Properties**

- Met with Board Members Johnson and Mendosa as well as Chief McDonald on August 30<sup>th</sup> to discuss the Arcata Fire District's purchasing the 9<sup>th</sup> Street property from the Association.

# Consent Calendar



**MINUTES**

*Regular Board Meeting*

*August 10, 2021*

*5:30 p.m.*

*Location: Remote Via Zoom*

**Board of Directors**

*Nicole Johnson (Division 2) - President, Randy Mendosa (Division 3) - Vice-President,  
Blaine Maynor (Division 1) - Director, Elena David (Division 4) - Director  
David Rosen (Division 5) - Director*

**CALL TO ORDER**

The regular session of the Board of Directors for the Arcata Fire District was called to order by President Nicole Johnson at 5:33 pm.

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance has been suspended during Shelter in Place.

**ATTENDANCE AND DETERMINATION OF A QUORUM**

The meeting continued with a quorum and the following were present remotely via zoom: President Nicole Johnson, Vice President Randy Mendosa, Director Blaine Maynor, and Director David Rosen. Director Elena David was absent.

Additional District administrative staff included Fire Chief Justin McDonald, Battalion Chief Sean Campbell, and Board Secretary Becky Schuette.

**APPROVAL OF AGENDA**

It was moved to approve the agenda.

**Motion:** Mendosa; Second: Maynor

**Roll Call: Ayes;** Maynor, Mendosa, Rosen and Johnson. **Absent;** David.

Motion Carries

**PUBLIC COMMENT**

Senior Management Group – Nothing to report.

Local 4981 – Captain Marcus Lillard thanked the AVFA for the Wildland Web gear obtained through grant funding.

Arcata Volunteer Firefighters Association (AVFA) – Roy Willis, President reviewed his submitted activity report.

There were no additional comments from the public.

**CONSENT CALENDAR**

1. Minutes from July 13, 2021, Regular Meeting
2. July 2021 Financial Report

3. Accept the Fiscal Year End 2021 GASB 75 Actuarial Report
4. Adoption of Resolution 21-241 Approving Exemptions to Specific Parcels for the 2006 Benefit Assessment and the New 2020 Special Tax (Measure F)
5. Adoption of Resolution 21-242 Approving Disposal of Surplus Equipment and Supplies

There were no comments from the Directors or the public.

It was moved to approve the consent calendar items 1-5.

**Motion:** Rosen; Second: Mendosa

**Roll Call: Ayes;** Maynor, Mendosa, Rosen and Johnson. **Absent;** David.

Motion Carries

## **CORRESPONDENCE & COMMUNICATIONS**

1. Public Correspondence – Nothing additional was reported.
2. Committee Reports
  - a. Arcata Station Rent Committee – Nothing to report.
  - b. Fire Chief’s Evaluation Committee – No report.
3. Fire Chief’s Monthly Report – Chief McDonald reviewed his staff report aloud.
4. Director Matters – There were none.

## **DISTRICT BUSINESS**

Item 1 was passed over at the time it was called, as Cameron Weist was not on the call yet, and Item 2 was called in its place at 5:55pm.

**2. Receive the Classification and Total Compensation Report from CPS HR:** Jan Bently from CPS HR, who was joined by project team member, Igor Shegolev, reviewed a PowerPoint that will be included as an attachment to the minutes. Igor joined, offering the Salary Survey Summary for Benchmarks portion of the program.

Director Mendosa requested clarification on the Battalion Chief position and expectation that if the multiple BC positions are eliminated, will there be multiple Division Chief positions. This also brought a brief discussion of handling “the duty” and sustainability for two positions versus learning from historical practices on three Battalion Chief positions trying to be both supervisors and management.

There were no further questions or comments from the Board and no comments from the public.

The item was for information only and there were no actions taken.

**1. Update from Weist Law Regarding Interest Rates and Savings for Public or Private Offering:** Cameron Weist joined the meeting and spoke about the restructuring of the unfunded liabilities and the two options described in his memo attachment. Several of the Directors had questions regarding terminology, other local agencies considering or undergoing this process and a lengthy discussion about when the decision was made to commit to the process of refinancing.

Mr. Weist spoke to the Director’s questions, discussing each and explaining that at this point there was no “agreement” to the refinance, that the firm was simply seeking direction on which of the finance options the Board would like to pursue, based on the current



information. An actual agreement or decision to refinance will potentially come later. At a future meeting, the Board will be presented with the researched and evaluated specifics of whichever option the Board directs the law firm to seek out. At that time, the commitment will need to be made, or not.

There were no comments from the public and no further comments from the Directors.

It was moved to direct staff to work with Weist Law Firm to look at the private placement for the District's UAL (unfunded liability).

**Motion:** Mendosa; Second: Maynor

**Roll Call: Ayes;** Maynor, Mendosa, Rosen and Johnson. **Nays;** Rosen. **Absent;** David.  
Motion Carries

### **3. Approve the Expenditure of Funds to Repair the Mad River and McKinleyville**

**Station Parking Lots:** Chief McDonald reviewed the staff note aloud and made his recommendation.

There were questions posed to the Chief about rushing the approval of the expenditure ahead of the budget process, what would it look like if the process did not move forward at this time and what the cost of \$93,000 was paying for. Chief McDonald explained that the rush was because the quote periods were limited, contractors are incredible busy, and costs of petroleum products and services continue to increase. A delay will make the cost of the needed work more expensive. The funds would be covering grinding and repaving the Mad River lot and completely resealing the McKinleyville lot. Simply sealing the cracks did not work last year. The Chief went on to explain that if approved tonight, the funds would be encumbered now, the rates locked in, and included as part of the budget to be voted on in September. He concluded that if there was no action taken tonight, it would go through the normal budget process, thereby delaying the ability to get the work done until October. This would mean new estimates and potentially higher cost and delays in getting the work done due to scheduling.

Several of the Directors agreed that it would be more "transparent" to go through the budget process, rather than rush a vote tonight.

There were no comments from the public and no action was taken by the Board.

### **CLOSED SESSIONS**

#### **Conference with Real Property Negotiators** (Gov. Code Section 54956.8)

Property: *1127 Bayside Road, Arcata, California*

Agency Negotiator: *Chief McDonald*

Agency designated representative: *John Duncan*

#### **Conference with Labor Negotiator** (Gov. Code Section 54957.6)

Employee Organization: *Local 4981*

Agency designated representative: *District Counsel Jack Hughes*

#### **Conference with Labor Negotiator** (Gov. Code Section 54957.6)

Employee Organization: *Senior Management Group*

Agency designated representative: *District Counsel Jack Hughes*

#### **Conference with Real Property Negotiators** (Gov. Code Section 54956.8)

Property: *631 9<sup>th</sup> Street, Arcata, California*

Agency Negotiators: *Director Nicole Johnson and Director Randy Mendosa*

President Johnson adjourned to closed session at 7:31pm.

The meeting resumed at 8:58 pm.

Report out of closed session for four closed session topics by President Johnson;

Item 1: The Board gave direction to the Agency Representative.

Item 2: The Board gave direction to the negotiator.

Item 3: The Board gave direction to the negotiator.

Item 4: The Board gave direction to both agency negotiators.

### **ADJOURNMENT**

Following a motion, President Johnson adjourned the meeting at 8:58 pm.

**Motion:** Maynor; **Second:** Mendosa

The next Regular Meeting is scheduled for **September 14, 2021, at 5:30 pm.**

Respectfully submitted,

Becky Schuette,  
Clerk of the Board

DRAFT



# Arcata Fire District

## Classification & Total Compensation Study District Board Presentation

August 10, 2021

1

### ● Agenda

- Project Teams
- Background/Scope of Work
- Classification Study
- Compensation Study
- Next Steps

cpshr.us CPS HR CONSULTING August 21

2

## CPS HR Project Team



- **Jan Bentley**-Project Manager
- **Edie Sabia**-Senior Project Consultant
- **Igor Shegolev**-Senior Project Consultant
- **Lynda Guerra**-Administrative Technician

cpshr.us

CPS HR CONSULTING™

August 21

3

## Background & Scope of Work

### Classification Study

- 24 positions allocated to 7 classifications
- Class specification recommendations

### Total Compensation Study

- 8 benchmark classifications
- 10 labor market agencies

cpshr.us

CPS HR CONSULTING™

August 21

4

## ● Background & Scope of Work (continued)

### Survey of Recruitment/Retention Strategies

- Gather information from labor market Fire Chiefs
- Provide recommendations to improve recruitment and retention in Arcata Fire District

5

## Classification Study

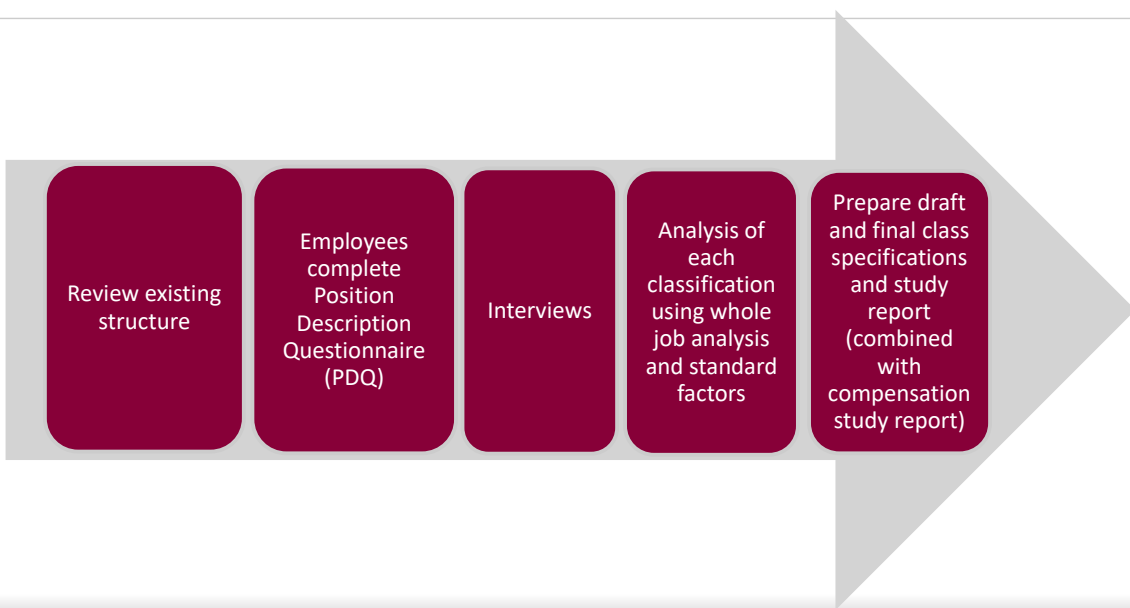
6

## Classification Study Goals

- Ensure classification specifications are current and adequate
- Ensure classifications are properly titled
- Ensure individual positions are properly classified
- Ensure accurate minimum qualifications, distinguishing characteristics, etc.
- Recommend a sound classification structure that will establish clear levels and define job relationships

7

## Classification Study Process









8

## Standard Classification Factors

- **Scope and Complexity**
- **Decision-Making**
- **Impact**
- **Contact With Others**
- **Supervision Received and Exercised**
- **Knowledge, Skills and Abilities**
- **Minimum Qualifications**
- **Working Conditions**
- **Span of Control**

## Potential Classification Study Outcomes:

-  No changes to positions
-  Reclassification of positions
-  Change in the title of positions
-  Revision of class specifications
-  Consolidation of classifications
-  Establishment of new classifications



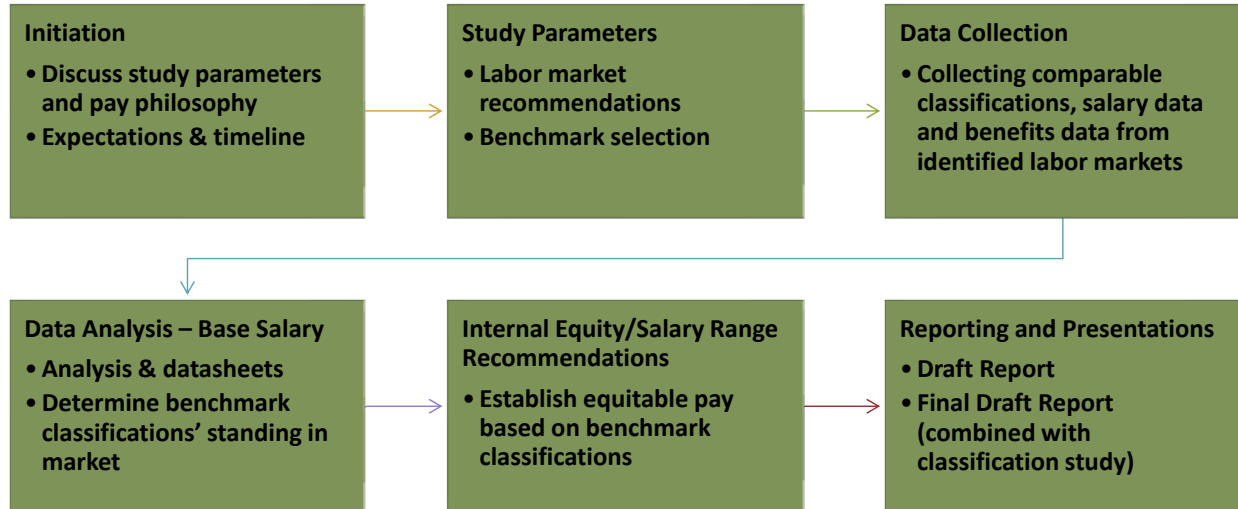
## Overview of Classification Recommendations

- Create new class specification for *Fire Engineer*;
- Keep *Firefighter* class and flexibly allocate with *Fire Engineer*;
- Minor updates to class specifications for *Fire Captain*, *Fire Inspector*, *Fire Marshal*, and *Business Manager*;
- Create new class specification for *Fire Division Chief*;
- Reclassify current *Battalion Chief* incumbent to *Fire Division Chief* and delete existing *Battalion Chief* class specification; and
- Major updates to class of *Fire Chief*.

## Total Compensation Study



## Compensation Study Steps & Methodology



13

## Selection of Labor Market Agencies

- Auburn Fire Department
- Cal-Fire Humboldt/Del Norte
- City of Chico Fire/Rescue Department
- City of Oroville Fire Department
- City of Red Bluff Fire Department
- Humboldt Bay Fire Authority
- Lake County Fire Protection District
- Nevada County Consolidated Fire District
- Sutter County Fire Department
- Ukiah Valley Fire Authority

14

## Benchmark Classifications

- **Battalion Chief** (reclassified to *Fire Division Chief* in the classification study)
- **Business Manager**
- **Fire Captain**
- **Fire Chief**
- **Fire Engineer**
- **Fire Inspector**
- **Fire Marshall**
- **Firefighter**

## Surveyed Compensation Components

- **Total employer compensation costs**
  - \* Base salary minimum, midpoint, maximum
  - \* Employer health plan contributions
  - \* Employer retirement contributions
  - \* Employer Medicare and Social Security contributions
  - \* Other pay allowances applicable to all positions
- **Other benefit and compensation practices not included in total compensation but of interest to the District**



## Salary Survey Summary for Benchmarks

Classification Title	# of Matches	Base Salary Minimum	Base Salary Midpoint	Base Salary Maximum	LM Base Salary Minimum	LM Base Salary Midpoint	LM Base Salary Maximum	Mrkt Variance from Min	Mrkt Variance from Mid	Mrkt Variance from Max	Agency TC	Mrkt TC	Mrkt Variance from TC
Battalion Chief	8	\$7,204.13	\$7,496.63	\$7,789.13	\$7,125.91	\$7,835.10	\$8,544.30	-1.09%	4.51%	9.70%	\$12,320.68	\$12,343.34	0.18%
Business Manager	8	\$3,511.73	\$3,890.47	\$4,269.20	\$3,846.84	\$4,268.08	\$4,710.66	9.54%	9.71%	10.34%	\$7,535.07	\$7,461.71	-0.97%
Fire Captain	9	\$3,426.80	\$4,358.47	\$5,290.13	\$5,453.87	\$6,041.54	\$6,908.72	59.15%	38.62%	30.60%	\$9,191.67	\$10,293.66	11.99%
Fire Chief	9	\$10,040.50	\$10,040.50	\$10,040.50	\$10,273.47	\$11,380.20	\$12,486.93	2.32%	13.34%	24.37%	\$14,558.00	\$17,094.22	17.42%
Fire Engineer	9	\$2,960.53	\$3,764.97	\$4,569.41	\$4,719.16	\$5,227.67	\$5,882.24	59.40%	38.85%	28.73%	\$8,301.94	\$9,155.23	10.28%
Firefighter	8	\$2,558.40	\$3,253.30	\$3,948.19	\$4,326.58	\$4,829.32	\$5,396.80	69.11%	48.44%	36.69%	\$7,535.04	\$8,466.42	12.36%

A positive number represents District salaries are below Labor Market and need the indicated percentage to reach the Labor Market. A negative number means District is above the Labor Market.

Insufficient matches were found for the classes of Fire Inspector and Fire Marshall to conduct a valid data analysis.



## Salary Recommendations

➤ **The District requested a new pay structure that incorporates the following:**

- \*Pay ranges with larger spread (bandwidth) than currently exists
- \*Growth within each pay range
- \*Appropriate separation between the pay ranges consistent with labor market data

## Salary Recommendations (continued)

### Option 1: Open Range Model

Recomm. Grade	Recomm. Grade Minimum	Recomm. Grade Midpoint	Recomm. Grade Maximum	Bandwidth
<b>A</b>	\$4,000	\$4,600	\$5,200	30.0%
<b>B</b>	\$4,320	\$4,968	\$5,616	30.0%
<b>C</b>	\$4,752	\$5,465	\$6,178	30.0%
<b>D</b>	\$5,465	\$6,285	\$7,104	30.0%
<b>E</b>	\$7,204	\$8,285	\$9,365	30.0%
<b>F</b>	\$7,780	\$8,948	\$10,115	30.0%
<b>G</b>	\$10,273	\$11,814	\$13,356	30.0%

## Salary Recommendations (continued)

### Option 2 : Step System Model

Recomm. Grade	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
<b>A</b>	\$4,000	\$4,133	\$4,267	\$4,400	\$4,533	\$4,667	\$4,800	\$4,933	\$5,067	\$5,200
<b>B</b>	\$4,320	\$4,464	\$4,608	\$4,752	\$4,896	\$5,040	\$5,184	\$5,328	\$5,472	\$5,616
<b>C</b>	\$4,752	\$4,910	\$5,069	\$5,227	\$5,386	\$5,544	\$5,702	\$5,861	\$6,019	\$6,178
<b>D</b>	\$5,465	\$5,647	\$5,829	\$6,011	\$6,193	\$6,376	\$6,558	\$6,740	\$6,922	\$7,104
<b>E</b>	\$7,204	\$7,444	\$7,684	\$7,925	\$8,165	\$8,405	\$8,645	\$8,885	\$9,125	\$9,365
<b>F</b>	\$7,780	\$8,040	\$8,299	\$8,559	\$8,818	\$9,077	\$9,337	\$9,596	\$9,855	\$10,115
<b>G</b>	\$10,273	\$10,616	\$10,958	\$11,301	\$11,643	\$11,986	\$12,328	\$12,671	\$13,013	\$13,356



## Salary Recommendations (continued)

### Recommended Pay Grade Assignments

Classification Title	Recomm. Grade	Recomm. Grade Minimum	Recomm. Grade Midpoint	Recomm. Grade Maximum
Firefighter	<b>A</b>	\$4,000	\$4,533	\$5,200
Fire Inspector	<b>B</b>	\$4,320	\$4,968	\$5,616
Fire Engineer	<b>C</b>	\$4,752	\$5,465	\$6,178
Fire Captain	<b>D</b>	\$5,465	\$6,285	\$7,104
Business Manager	<b>D</b>	\$5,465	\$6,285	\$7,104
Battalion Chief (now Fire Division Chief)	<b>E</b>	\$7,204	\$8,285	\$9,365
Fire Marshal	<b>F</b>	\$7,780	\$8,948	\$10,115
Fire Chief	<b>G</b>	\$10,273	\$11,814	\$13,356

## Recruitment/Retention Strategies

## Summary of Survey Recommendations:

- **Commit to transparency and open communication**
- **Invest in employees, even if it doesn't seem cost effective**
- **Establish clear performance expectations and help employees succeed in meeting them**
- **Maximize hiring options**
- **Maintain the classification and compensation plans**

## Arcata Fire Department Classification & Compensation Study

### *Questions?*

Please contact us at:

- ◆ Jan Bentley - [jbentley@cpshr.us](mailto:jbentley@cpshr.us)
- ◆ Igor Shegolev - [ishegolev@cpshr.us](mailto:ishegolev@cpshr.us)



## MINUTES

*Special Board Meeting*

*August 13, 2021*

*5:00 p.m.*

*Location: Remote Via Zoom*

### **Board of Directors**

*Nicole Johnson (Division 2) - President, Randy Mendosa (Division 3) - Vice-President,  
Blaine Maynor (Division 1) - Director, Elena David (Division 4) - Director  
David Rosen (Division 5) - Director*

### **CALL TO ORDER**

The special session of the Board of Directors for the Arcata Fire District was called to order by President Nicole Johnson at 5:09 pm.

### **ATTENDANCE AND DETERMINATION OF A QUORUM**

The meeting continued with a quorum and the following were present remotely via zoom: President Nicole Johnson, Vice President Randy Mendosa, and Director Blaine Maynor. Director Elena David and Director David Rosen were absent.

Additional District administrative staff included Fire Chief Justin McDonald, acting as Board Secretary.

### **PUBLIC COMMENT**

There were no public comments.

### **CLOSED SESSION**

**Conference with Labor Negotiator** (Gov. Code Section 54957.6)

Agency designated representative: *Counsel Jack Hughes*

Employee Organization: *Local 4981*

**Conference with Labor Negotiator** (Gov. Code Section 54957.6)

Agency designated representative: *Counsel Jack Hughes*

Employee Organization: *Senior Management Group*

Director David Rosen joined the meeting at 5:10 pm.

President Johnson adjourned to closed session at 5:11 pm.

The meeting resumed at 6:20 pm.

Report out of closed session by President Johnson; The Board gave direction to the negotiator.

### **ADJOURNMENT**

Following a motion, President Johnson adjourned the meeting at 6:21 pm.

**Motion:** Maynor; **Second:** Mendosa

The next Regular Meeting is scheduled for **September 14, at 5:30 pm.**

Respectfully submitted,

Justin McDonald, Chief  
Acting Clerk of the Board

DRAFT



ARCATA FIRE DISTRICT  
**Balance Sheet**  
As of August 31, 2021

	<u>Aug 31, 21</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
C.T. CAPITAL IMPROVEMENTS 2013	188,630.22
C.T. CONTINGENCY DESIGNATN 2011	
TRAINING RESERVE	17,000.00
C.T. CONTINGENCY DESIGNATN 2011 - Other	39,596.13
<b>Total C.T. CONTINGENCY DESIGNATN 2011</b>	<u>56,596.13</u>
C.T. PERS DESIGNATION 2012	30,333.00
CCCU CHECKING	434,043.00
CCCU LIQUID ASSETS	100,172.87
COAST CENTRAL SAVINGS	15,777.36
COUNTY TREASURY	2,322,948.28
<b>Total Checking/Savings</b>	<u>3,148,500.86</u>
<b>Accounts Receivable</b>	
1200 · ACCOUNTS RECEIVABLE	75,872.44
<b>Total Accounts Receivable</b>	<u>75,872.44</u>
<b>Other Current Assets</b>	
A/R County #2	62,500.00
ACCT RECV - COUNTY TREASURY	646,673.50
INTEREST RECEIVABLE	30,000.00
PREPAID EXPENSE	25,482.31
<b>Total Other Current Assets</b>	<u>764,655.81</u>
<b>Total Current Assets</b>	<u>3,989,029.11</u>
<b>Fixed Assets</b>	
ACCUMULATED DEPRECIATION	-2,658,149.00
BUILDINGS AND IMPROVEMENTS	2,329,696.91
EQUIPMENT	3,345,680.56
LAND	224,630.00
<b>Total Fixed Assets</b>	<u>3,241,858.47</u>
<b>Other Assets</b>	
DEFERRED OUTFLOWS-OPEB	808,883.00
DEFERRED OUTFLOWS-PENSION	1,289,855.00
<b>Total Other Assets</b>	<u>2,098,738.00</u>
<b>TOTAL ASSETS</b>	<u><u><b>9,329,625.58</b></u></u>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts Payable	
2000 · ACCOUNTS PAYABLE	41,379.34
<b>Total Accounts Payable</b>	<u>41,379.34</u>

ARCATA FIRE DISTRICT  
**Balance Sheet**  
As of August 31, 2021

	<u>Aug 31, 21</u>
<b>Credit Cards</b>	
US BANK	1,809.78
<b>Total Credit Cards</b>	1,809.78
<b>Other Current Liabilities</b>	
ACCOUNTS PAYABLE 2	25,482.31
ACCRUED EXPENSES - OTHER	36,322.30
COMPENSATION TIME OFF	7,865.92
WAGES PAYABLE	109,442.06
<b>2100 · PAYROLL LIABILITIES</b>	
457 DEDUCTION	3,000.00
CA WITHHOLDING	3,038.99
FEDERAL WITHHOLDING	6,327.46
MEDICARE - BOTH	1,761.94
SOCIAL SECURITY - BOTH	339.32
SURVIVOR BENEFIT	33.48
2100 · PAYROLL LIABILITIES - Other	7,881.86
<b>Total 2100 · PAYROLL LIABILITIES</b>	22,383.05
<b>Total Other Current Liabilities</b>	201,495.64
<b>Total Current Liabilities</b>	244,684.76
<b>Long Term Liabilities</b>	
ACCRUED EMPLOYEE BENEFITS	97,014.70
DEFERRED INFLOWS-OPEB	2,024,771.00
DEFERRED INFLOWS-PENSION	46,819.00
NET PENSION LIABILITY	6,133,346.00
OTHER POST EMPLOYMENT BEN. LIAB	9,807,737.00
<b>Total Long Term Liabilities</b>	18,109,687.70
<b>Total Liabilities</b>	18,354,372.46
<b>Equity</b>	
INVESTMENT IN FIXED ASSETS	3,241,858.47
3900 · RETAINED EARNINGS	-11,904,252.43
Net Income	-362,352.92
<b>Total Equity</b>	-9,024,746.88
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>9,329,625.58</b>

ARCATA FIRE DISTRICT  
**Statement of Cash Flows**  
August 2021

---

	<u>Aug 21</u>
<b>OPERATING ACTIVITIES</b>	
Net Income	128,348.13
Adjustments to reconcile Net Income to net cash provided by operations:	
1200 · ACCOUNTS RECEIVABLE	-72,157.44
ACCT RECV - COUNTY TREASURY	-323,336.75
2000 · ACCOUNTS PAYABLE	-17,244.57
US BANK	-1,094.50
US BANK:CAMPBELL	-13.38
US BANK:J. MCDONALD	305.67
US BANK:SCHUETTE	1,216.66
2100 · PAYROLL LIABILITIES	60.31
2100 · PAYROLL LIABILITIES:CA WITHHOLDING	-342.68
2100 · PAYROLL LIABILITIES:FEDERAL WITHHOLDING	-816.00
2100 · PAYROLL LIABILITIES:MEDICARE - BOTH	-97.14
2100 · PAYROLL LIABILITIES:SOCIAL SECURITY - BOTH	-12.70
Net cash provided by Operating Activities	<u>-285,184.39</u>
Net cash increase for period	-285,184.39
Cash at beginning of period	<u>3,433,685.25</u>
Cash at end of period	<u><u>3,148,500.86</u></u>

ARCATA FIRE DISTRICT  
**Profit & Loss Budget vs. Actual**

July through August 2021

	Jul - Aug 21	Budget	\$ Over Budget	% of Budget
<b>Ordinary Income/Expense</b>				
<b>Income</b>				
<b>TAX REVENUE</b>				
101117 · PROPERTY TAX-CURRENT-SECURED	349,499.50	386,000.00	-36,500.50	90.5%
102500 · PROPERTY TAX-CURRENT-UNSECURED	13,722.50	14,100.00	-377.50	97.3%
800030 · PROPERTY TAX-PRIOR YEARS	2,461.00	4,334.00	-1,873.00	56.8%
800040 · SUPPLEMENTAL TAXES- CURRENT	3,568.66	2,000.00	1,568.66	178.4%
800041 · SUPPLEMENTAL TAXES-PRIOR YEARS	750.00	750.00	0.00	100.0%
113100 · STATE TIMBER TAX	0.00	530.00	-530.00	0.0%
800050 · PROPERTY ASSESSMENTS	351,444.84	282,692.00	68,752.84	124.3%
<b>Total TAX REVENUE</b>	<b>721,446.50</b>	<b>690,406.00</b>	<b>31,040.50</b>	<b>104.5%</b>
<b>USE OF MONEY &amp; PROPERTY</b>				
800190 · INTEREST INCOME	35.80	4,830.00	-4,794.20	0.7%
<b>Total USE OF MONEY &amp; PROPERTY</b>	<b>35.80</b>	<b>4,830.00</b>	<b>-4,794.20</b>	<b>0.7%</b>
<b>INTERGOVERNMENTAL</b>				
525110 · HOMEOWNERS PROP. TAX REL	0.00	4,354.00	-4,354.00	0.0%
<b>800600 · OTHER GOVERNMENT AGENCIES</b>				
BLFD Contract for Services	0.00	0.00	0.00	0.0%
HR Reimbursement	0.00	0.00	0.00	0.0%
HSU Contract for Services	37,000.00	37,000.00	0.00	100.0%
Measure Z Funds	0.00	0.00	0.00	0.0%
NCUAQMD	1,242.00	700.00	542.00	177.4%
Prop 172 Disbursement	0.00	9,783.00	-9,783.00	0.0%
<b>Total 800600 · OTHER GOVERNMENT AGENCIES</b>	<b>38,242.00</b>	<b>47,483.00</b>	<b>-9,241.00</b>	<b>80.5%</b>
800944 · GRANT REVENUE	0.00	0.00	0.00	0.0%
800950 · FIREFIGHTING REIMBURSEMENTS	1,137.94	0.00	1,137.94	100.0%
<b>Total INTERGOVERNMENTAL</b>	<b>39,379.94</b>	<b>51,837.00</b>	<b>-12,457.06</b>	<b>76.0%</b>
<b>CHARGES FOR SERVICES</b>				
800155 · PREVENTION FEES	1,108.50	1,668.00	-559.50	66.5%
800156 · R1/R2 INSPECTION FEES	4,072.50	5,834.00	-1,761.50	69.8%
800700 · OTHER SERVICES	5,250.00	0.00	5,250.00	100.0%
800946 · INCIDENT REVENUE RECOVERY FEES	2,370.70	834.00	1,536.70	284.3%
<b>Total CHARGES FOR SERVICES</b>	<b>12,801.70</b>	<b>8,336.00</b>	<b>4,465.70</b>	<b>153.6%</b>
<b>OTHER REVENUE</b>				
800920 · SALE OF FIXED ASSETS	0.00	0.00	0.00	0.0%
<b>800940 · OTHER REVENUE</b>				
Donations	3,136.55	0.00	3,136.55	100.0%
Other Revenue Unclassified	717.00	0.00	717.00	100.0%
800940 · OTHER REVENUE - Other	7.50	0.00	7.50	100.0%
<b>Total 800940 · OTHER REVENUE</b>	<b>3,861.05</b>	<b>0.00</b>	<b>3,861.05</b>	<b>100.0%</b>
800941 · REFUNDS	222.54	1,300.00	-1,077.46	17.1%
800942 · INCIDENT REPORTS	30.00	200.00	-170.00	15.0%
<b>Total OTHER REVENUE</b>	<b>4,113.59</b>	<b>1,500.00</b>	<b>2,613.59</b>	<b>274.2%</b>
<b>Total Income</b>	<b>777,777.53</b>	<b>756,909.00</b>	<b>20,868.53</b>	<b>102.8%</b>
<b>Gross Profit</b>	<b>777,777.53</b>	<b>756,909.00</b>	<b>20,868.53</b>	<b>102.8%</b>

ARCATA FIRE DISTRICT  
Profit & Loss Budget vs. Actual

July through August 2021

Expense	Jul - Aug 21	Budget	\$ Over Budget	% of Budget
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>				
<b>5010 · SALARIES AND WAGES *</b>				
5010.1 · Full-Time	253,169.48	189,931.00	63,238.48	133.3%
5010.2 · CTO Payout	33,396.65	38,000.00	-4,603.35	87.9%
5010.3 · Settlement Pay/Vacation	4,055.10	30,000.00	-25,944.90	13.5%
5010.4 · Holiday Pay	72.76	0.00	72.76	100.0%
5010.5 · Deferred Compensation	7,600.00	8,234.00	-634.00	92.3%
5010.6 · Part-Time (Hourly)	44,467.91	13,834.50	30,633.41	321.4%
5010.8 · CalFire/OES Pay	0.00	53,888.00	-53,888.00	0.0%
<b>Total 5010 · SALARIES AND WAGES *</b>	<b>342,761.90</b>	<b>333,887.50</b>	<b>8,874.40</b>	<b>102.7%</b>
<b>5020 · RETIREMENT</b>				
5020.1 · CalPERS Retirement	63,145.86	57,682.34	5,463.52	109.5%
5020.3 · Social Security	838.88	669.84	169.04	125.2%
5020.4 · Medicare	4,958.50	3,790.00	1,168.50	130.8%
5020.5 · CalPERS Section 218 Admin Fee	0.00	300.00	-300.00	0.0%
<b>Total 5020 · RETIREMENT</b>	<b>68,943.24</b>	<b>62,442.18</b>	<b>6,501.06</b>	<b>110.4%</b>
<b>5030-GROUP INSURANCE</b>				
5030.1 · Health Insurance (Employees)	66,769.69	79,428.00	-12,658.31	84.1%
5030.2 · Health Insurance (Retirees)	68,055.97	55,630.50	12,425.47	122.3%
5030.3 · Retiree Health Admin Fees	119.81	678.00	-558.19	17.7%
5030.4 · Dental & Life Insurance	7,247.04	5,490.00	1,757.04	132.0%
5030.5 · Air Ambulance Insurance	0.00	1,100.00	-1,100.00	0.0%
5030.6 · Vision	1,119.12	3,500.00	-2,380.88	32.0%
5030.7 · Long Term Disability Insurance	1,566.00	990.00	576.00	158.2%
5030.8 · Medical Reimbursement-Chief	0.00	3,000.00	-3,000.00	0.0%
<b>Total 5030-GROUP INSURANCE</b>	<b>144,877.63</b>	<b>149,816.50</b>	<b>-4,938.87</b>	<b>96.7%</b>
<b>5033 · UNEMPLOYMENT INSURANCE FUND</b>				
5033.1 · Unemployment Insurance Fund	0.00	5,000.00	-5,000.00	0.0%
5033 · UNEMPLOYMENT INSURANCE FUND - Other	0.00	0.00	0.00	0.0%
<b>Total 5033 · UNEMPLOYMENT INSURANCE FUND</b>	<b>0.00</b>	<b>5,000.00</b>	<b>-5,000.00</b>	<b>0.0%</b>
<b>5035 · WORKERS' COMPENSATION INSURANCE</b>				
5035.1 · Primary	0.00	65,355.00	-65,355.00	0.0%
5035.2 · EXCESS	0.00	0.00	0.00	0.0%
5035.3 · Administrative Fee	0.00	16,339.00	-16,339.00	0.0%
<b>Total 5035 · WORKERS' COMPENSATION INSURAN...</b>	<b>0.00</b>	<b>81,694.00</b>	<b>-81,694.00</b>	<b>0.0%</b>
<b>Total SALARIES &amp; EMPLOYEE BENEFITS</b>	<b>556,582.77</b>	<b>632,840.18</b>	<b>-76,257.41</b>	<b>87.9%</b>
<b>SERVICE &amp; SUPPLIES</b>				
<b>5050 · CLOTHING &amp; PERSONAL SUPPLIES</b>				
5050.1 · Uniforms	0.00	18,000.00	-18,000.00	0.0%
5050.2 · Station Boots	0.00	2,000.00	-2,000.00	0.0%
<b>Total 5050 · CLOTHING &amp; PERSONAL SUPPLIES</b>	<b>0.00</b>	<b>20,000.00</b>	<b>-20,000.00</b>	<b>0.0%</b>
<b>5060 · COMMUNICATIONS</b>				
5060.1 · Phones & Internet	4,904.36	5,834.00	-929.64	84.1%
5060.2 · Alarm Monitoring	423.83	500.00	-76.17	84.8%
5060.3 · Communication - Miscellaneous	0.00	500.00	-500.00	0.0%
5060.4 · HCFA Radio System Annual Fee	0.00	1,600.00	-1,600.00	0.0%
5060.5 · Cable TV	0.00	334.00	-334.00	0.0%
<b>Total 5060 · COMMUNICATIONS</b>	<b>5,328.19</b>	<b>8,768.00</b>	<b>-3,439.81</b>	<b>60.8%</b>
<b>5080 · FOOD</b>				
5080.1 · Food/Rehab Supplies	198.31	1,500.00	-1,301.69	13.2%
5080.2 · Drinking Water	0.00	500.00	-500.00	0.0%
<b>Total 5080 · FOOD</b>	<b>198.31</b>	<b>2,000.00</b>	<b>-1,801.69</b>	<b>9.9%</b>

ARCATA FIRE DISTRICT  
**Profit & Loss Budget vs. Actual**

July through August 2021

	Jul - Aug 21	Budget	\$ Over Budget	% of Budget
<b>5090 · HOUSEHOLD EXPENSE</b>				
<b>5090.1 · Station Supplies</b>				
Arcata	0.00	0.00	0.00	0.0%
Mad River	0.00	0.00	0.00	0.0%
McK	237.40	0.00	237.40	100.0%
5090.1 · Station Supplies - Other	482.84	550.00	-67.16	87.8%
<b>Total 5090.1 · Station Supplies</b>	<u>720.24</u>	<u>550.00</u>	<u>170.24</u>	<u>131.0%</u>
<b>5090.2 · Garbage Service</b>				
Arcata	59.36	0.00	59.36	100.0%
Mad River	59.36	0.00	59.36	100.0%
McK	207.35	0.00	207.35	100.0%
5090.2 · Garbage Service - Other	0.00	668.00	-668.00	0.0%
<b>Total 5090.2 · Garbage Service</b>	<u>326.07</u>	<u>668.00</u>	<u>-341.93</u>	<u>48.8%</u>
<b>Total 5090 · HOUSEHOLD EXPENSE</b>	<u>1,046.31</u>	<u>1,218.00</u>	<u>-171.69</u>	<u>85.9%</u>
<b>5100 · INSURANCE</b>				
<b>5100.1 · Liability Insurance</b>	35,221.00	23,335.00	11,886.00	150.9%
<b>Total 5100 · INSURANCE</b>	<u>35,221.00</u>	<u>23,335.00</u>	<u>11,886.00</u>	<u>150.9%</u>
<b>5120 · MAINTENANCE-EQUIPMENT</b>				
<b>5120.1 · Fire Apparatus</b>				
8211 · E8211	0.00	0.00	0.00	0.0%
8215 · E8215	0.00	0.00	0.00	0.0%
8216 · E8216	8,878.80	0.00	8,878.80	100.0%
8217 · E8217	2,131.64	0.00	2,131.64	100.0%
8239 · E8239	10,682.49			
8258 · WT8258	0.00	0.00	0.00	0.0%
8283 · T8283	0.00	0.00	0.00	0.0%
8291 · L8291	0.00	0.00	0.00	0.0%
5120.1 · Fire Apparatus - Other	214.36	90,000.00	-89,785.64	0.2%
<b>Total 5120.1 · Fire Apparatus</b>	<u>21,907.29</u>	<u>90,000.00</u>	<u>-68,092.71</u>	<u>24.3%</u>
<b>5120.2 · Officers Vehicles</b>				
8205 · U8205	0.00	0.00	0.00	0.0%
8206 · U8206	0.00	0.00	0.00	0.0%
8207 · U8207	0.00	0.00	0.00	0.0%
8208 · U8208	0.00	0.00	0.00	0.0%
5120.2 · Officers Vehicles - Other	0.00	5,000.00	-5,000.00	0.0%
<b>Total 5120.2 · Officers Vehicles</b>	<u>0.00</u>	<u>5,000.00</u>	<u>-5,000.00</u>	<u>0.0%</u>
<b>5120.3 · Hose &amp; Ladder Testing</b>	546.00	6,800.00	-6,254.00	8.0%
<b>5120.4 · Hose Repair</b>	0.00	500.00	-500.00	0.0%
<b>5120.5 · Truck 8283 Aerial Inspection</b>	0.00	0.00	0.00	0.0%
<b>5120.6 · Truck 8283 Aerial Service</b>	0.00	0.00	0.00	0.0%
<b>5120.7 · SCBA</b>	1,269.44	6,000.00	-4,730.56	21.2%
<b>5120.8 · Hydraulic Rescue Tool Service</b>	0.00	3,500.00	-3,500.00	0.0%
<b>5120.9 · Power Tools Maintenance</b>	196.29	350.00	-153.71	56.1%
<b>5120.10 · AED Annual Maintenance</b>	0.00	8,100.00	-8,100.00	0.0%
<b>5120.11 · Fire Extinguisher Maintenance</b>	233.44	1,200.00	-966.56	19.5%
<b>5120.12 · Equipment Maintenance - Misc</b>	0.00	500.00	-500.00	0.0%
<b>Total 5120 · MAINTENANCE-EQUIPMENT</b>	<u>24,152.46</u>	<u>121,950.00</u>	<u>-97,797.54</u>	<u>19.8%</u>
<b>5121 · MAINTENANCE-ELECTRONICS</b>				
<b>5121.1 · Computers</b>	8,459.24	1,000.00	7,459.24	845.9%
<b>5121.2 · Radios, Pagers, &amp; FireCom</b>	59.22	400.00	-340.78	14.8%
<b>5121.3 · Batteries</b>	0.00	1,500.00	-1,500.00	0.0%
<b>Total 5121 · MAINTENANCE-ELECTRONICS</b>	<u>8,518.46</u>	<u>2,900.00</u>	<u>5,618.46</u>	<u>293.7%</u>

ARCATA FIRE DISTRICT  
**Profit & Loss Budget vs. Actual**  
 July through August 2021

	Jul - Aug 21	Budget	\$ Over Budget	% of Budget
<b>5122 · FUEL</b>				
<b>5122.1 · Fuel</b>				
McK	928.09			
Mad River	5,842.33			
<b>5122.1 · Fuel - Other</b>	0.00	5,834.00	-5,834.00	0.0%
<b>Total 5122.1 · Fuel</b>	6,770.42	5,834.00	936.42	116.1%
<b>5122 · FUEL - Other</b>	0.00	0.00	0.00	0.0%
<b>Total 5122 · FUEL</b>	6,770.42	5,834.00	936.42	116.1%
<b>5126 · UTILITIES</b>				
<b>5126.1 · P G &amp; E</b>				
Arcata	916.23	0.00	916.23	100.0%
Mad River	196.16	0.00	196.16	100.0%
McK	1,134.89	0.00	1,134.89	100.0%
<b>5126.1 · P G &amp; E - Other</b>	0.00	5,000.00	-5,000.00	0.0%
<b>Total 5126.1 · P G &amp; E</b>	2,247.28	5,000.00	-2,752.72	44.9%
<b>5126.2 · Water &amp; Sewer</b>				
Arcata	0.00	0.00	0.00	0.0%
Mad River	444.63	0.00	444.63	100.0%
McK	213.02	0.00	213.02	100.0%
<b>5126.2 · Water &amp; Sewer - Other</b>	160.03	1,000.00	-839.97	16.0%
<b>Total 5126.2 · Water &amp; Sewer</b>	817.68	1,000.00	-182.32	81.8%
<b>Total 5126 · UTILITIES</b>	3,064.96	6,000.00	-2,935.04	51.1%
<b>5130 · MAINTENANCE-STRUCTURE</b>				
<b>5130.1 · General Structure Maintenance</b>				
Arcata	5.41	0.00	5.41	100.0%
Mad River	229.50	0.00	229.50	100.0%
McK	0.00	0.00	0.00	0.0%
<b>5130.1 · General Structure Maintenance - Other</b>	13.43	1,000.00	-986.57	1.3%
<b>Total 5130.1 · General Structure Maintenance</b>	248.34	1,000.00	-751.66	24.8%
<b>5130.2 · Grounds Maintenance</b>				
Arcata	0.00	0.00	0.00	0.0%
<b>5130.2 · Grounds Maintenance - Other</b>	0.00	500.00	-500.00	0.0%
<b>Total 5130.2 · Grounds Maintenance</b>	0.00	500.00	-500.00	0.0%
<b>5130.3 · Emergency Power Maintenance</b>				
Arcata	0.00	0.00	0.00	0.0%
McK	0.00	0.00	0.00	0.0%
<b>5130.3 · Emergency Power Maintenance - Other</b>	0.00	2,000.00	-2,000.00	0.0%
<b>Total 5130.3 · Emergency Power Maintenance</b>	0.00	2,000.00	-2,000.00	0.0%
<b>5130.4 · Pest Control</b>	0.00	242.00	-242.00	0.0%
<b>Total 5130 · MAINTENANCE-STRUCTURE</b>	248.34	3,742.00	-3,493.66	6.6%
<b>5140 · MEDICAL SUPPLIES</b>				
<b>5140.1 · Medical Supplies</b>	494.98	1,000.00	-505.02	49.5%
<b>5140 · MEDICAL SUPPLIES - Other</b>	0.00	0.00	0.00	0.0%
<b>Total 5140 · MEDICAL SUPPLIES</b>	494.98	1,000.00	-505.02	49.5%

ARCATA FIRE DISTRICT  
**Profit & Loss Budget vs. Actual**

July through August 2021

	Jul - Aug 21	Budget	\$ Over Budget	% of Budget
<b>5150 · DUES &amp; SUBSCRIPTIONS</b>				
5150.2 · Scheduling Program Annual Fee	2,808.00	2,674.00	134.00	105.0%
5150.4 · Parcel Quest Annual Fees	1,799.00	1,800.00	-1.00	99.9%
5150.6 · Dues	1,245.00	2,000.00	-755.00	62.3%
5150.7 · Subscriptions	0.00	1,900.00	-1,900.00	0.0%
5150.8 · Google Services	438.18	0.00	438.18	100.0%
5150.9 · Emergency Reporting Software	0.00	3,700.00	-3,700.00	0.0%
5150.10 · eDispatches Software	0.00	1,750.00	-1,750.00	0.0%
5150.11 · Humboldt Co. Fire Chiefs' Assoc	0.00	800.00	-800.00	0.0%
5150 · DUES & SUBSCRIPTIONS - Other	187.50			
<b>Total 5150 · DUES &amp; SUBSCRIPTIONS</b>	<b>6,477.68</b>	<b>14,624.00</b>	<b>-8,146.32</b>	<b>44.3%</b>
<b>5160 · MISCELLANEOUS EXPENSE</b>	<b>0.00</b>	<b>1,000.00</b>	<b>-1,000.00</b>	<b>0.0%</b>
<b>5170 · OFFICE SUPPLIES</b>				
5170.1 · Office Supplies	72.40	750.00	-677.60	9.7%
5170 · OFFICE SUPPLIES - Other	57.31	0.00	57.31	100.0%
<b>Total 5170 · OFFICE SUPPLIES</b>	<b>129.71</b>	<b>750.00</b>	<b>-620.29</b>	<b>17.3%</b>
<b>5171 · POSTAGE &amp; SHIPPING</b>				
5171.1 · Postage & Shipping	34.70	168.00	-133.30	20.7%
5171 · POSTAGE & SHIPPING - Other	124.87	0.00	124.87	100.0%
<b>Total 5171 · POSTAGE &amp; SHIPPING</b>	<b>159.57</b>	<b>168.00</b>	<b>-8.43</b>	<b>95.0%</b>
<b>5180 · PROFESSIONAL &amp; SPECIAL SERVICES</b>				
5180.1 · Dispatch Services	0.00	34,645.00	-34,645.00	0.0%
5180.2 · Legal Services	957.50	10,000.00	-9,042.50	9.6%
5180.3 · Audit Services	0.00	10,000.00	-10,000.00	0.0%
5180.4 · Accountant/Bookkeeping	0.00	10,000.00	-10,000.00	0.0%
5180.5 · Shredding Services	0.00	0.00	0.00	0.0%
5180.6 · CAD Interface Maintenance Fee	0.00	1,750.00	-1,750.00	0.0%
5180.8 · OPEB Report (GASB)	3,700.00	7,000.00	-3,300.00	52.9%
5180.9 · Medical exam/Drug Screening	0.00	10,000.00	-10,000.00	0.0%
5180.11 · Background Checks	8,958.60	8,000.00	958.60	112.0%
5180.12 · IT Services	0.00	5,000.00	-5,000.00	0.0%
5180.15 · Miscellaneous Services	0.00	500.00	-500.00	0.0%
5180.16 · Human Resource Services	12,367.00	57,100.00	-44,733.00	21.7%
5180.17 · Web Page Hosting	600.00	250.00	350.00	240.0%
<b>Total 5180 · PROFESSIONAL &amp; SPECIAL SERVICES</b>	<b>26,583.10</b>	<b>154,245.00</b>	<b>-127,661.90</b>	<b>17.2%</b>
<b>5190 · PUBLICATIONS &amp; NOTICES</b>				
5191.1 · Publications & Notices	796.00	1,000.00	-204.00	79.6%
5190 · PUBLICATIONS & NOTICES - Other	0.00	0.00	0.00	0.0%
<b>Total 5190 · PUBLICATIONS &amp; NOTICES</b>	<b>796.00</b>	<b>1,000.00</b>	<b>-204.00</b>	<b>79.6%</b>
<b>5200 · LEASES-EQUIPMENT</b>				
5200.1 · Copier	1,150.78	1,250.00	-99.22	92.1%
<b>Total 5200 · LEASES-EQUIPMENT</b>	<b>1,150.78</b>	<b>1,250.00</b>	<b>-99.22</b>	<b>92.1%</b>
<b>5210 · RENT</b>				
5210.1 · Arcata Station	8,000.00	16,000.00	-8,000.00	50.0%
5210 · RENT - Other	16,000.00	0.00	16,000.00	100.0%
<b>Total 5210 · RENT</b>	<b>24,000.00</b>	<b>16,000.00</b>	<b>8,000.00</b>	<b>150.0%</b>
<b>5230 · SPECIAL DISTRICT EXPENSE</b>				
5230.1 · Property Tax Admin Fee	0.00	0.00	0.00	0.0%
5230.2 · Tax Roll Direct Charge Fee	0.00	0.00	0.00	0.0%
5230.3 · LAFCO Annual Fee	0.00	0.00	0.00	0.0%
5230.5 · Assessment Adjustments/Refunds	0.00	1,000.00	-1,000.00	0.0%
5230.6 · Public Education Supplies	0.00	0.00	0.00	0.0%



ARCATA FIRE DISTRICT  
**Profit & Loss Budget vs. Actual**

July through August 2021

	Jul - Aug 21	Budget	\$ Over Budget	% of Budget
5230.7 · Fire Prevention Supplies	266.15	400.00	-133.85	66.5%
5230.8 · Certifications	115.00	1,000.00	-885.00	11.5%
5230.10 · Recruitment	815.75	500.00	315.75	163.2%
5230.11 · Bank Fees	0.00	1,000.00	-1,000.00	0.0%
5230.14 · Recognition, Shields, Badges	121.17	1,000.00	-878.83	12.1%
5230.15 · Health & Wellness	0.00	10,000.00	-10,000.00	0.0%
5230.16 · Public Outreach	0.00	1,000.00	-1,000.00	0.0%
5230.17 · HFB Truck Contract	0.00	10,000.00	-10,000.00	0.0%
5230.4 · Greenway Partners	0.00	0.00	0.00	0.0%
<b>Total 5230 · SPECIAL DISTRICT EXPENSE</b>	<b>1,318.07</b>	<b>25,900.00</b>	<b>-24,581.93</b>	<b>5.1%</b>
<b>5234 · TRAINING</b>				
5234.1 · Staff Training	75.00	1,500.00	-1,425.00	5.0%
5234.2 · Training Supplies	258.87	10,000.00	-9,741.13	2.6%
<b>Total 5234 · TRAINING</b>	<b>333.87</b>	<b>11,500.00</b>	<b>-11,166.13</b>	<b>2.9%</b>
<b>5280 · OTHER GOVERNMENT AGENCIES</b>				
5280.2 · HCFA Air Trailer Annual Fee	0.00	1,000.00	-1,000.00	0.0%
<b>Total 5280 · OTHER GOVERNMENT AGENCIES</b>	<b>0.00</b>	<b>1,000.00</b>	<b>-1,000.00</b>	<b>0.0%</b>
<b>5370 · EQUIPMENT PURCHASES</b>				
5370.1 · PPE - Structural	0.00	0.00	0.00	0.0%
5370.2 · PPE - Wildland	331.19	0.00	331.19	100.0%
5370.3 · PPE - VLU	0.00	0.00	0.00	0.0%
5370.4 · Fire Hose	0.00	0.00	0.00	0.0%
5370.5 · Equipment Fabrication	0.00	0.00	0.00	0.0%
5370.6 · Firefighting Equipment	41.65	0.00	41.65	100.0%
5370.8 · Computer Systems Upgrade	333.78	0.00	333.78	100.0%
5370 · EQUIPMENT PURCHASES - Other	28.80			
<b>Total 5370 · EQUIPMENT PURCHASES</b>	<b>735.42</b>	<b>0.00</b>	<b>735.42</b>	<b>100.0%</b>
<b>Total SERVICE &amp; SUPPLIES</b>	<b>146,727.63</b>	<b>424,184.00</b>	<b>-277,456.37</b>	<b>34.6%</b>
<b>OTHER BUDGET FUNDING REQUIRED</b>				
<b>EQUIPMENT LOAN DEBT SERVICE</b>				
5300 · LONG TERM DEBT - INTEREST	0.00	0.00	0.00	0.0%
5290 · LONG TERM DEBT - PRINCIPAL	0.00	0.00	0.00	0.0%
<b>Total EQUIPMENT LOAN DEBT SERVICE</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.0%</b>
<b>OPERATING FUND TRANSFERS</b>				
CalPERS Unfunded Liability	431,548.00	435,434.00	-3,886.00	99.1%
PERS Rate Contingency Fund	0.00	0.00	0.00	0.0%
<b>Total OPERATING FUND TRANSFERS</b>	<b>431,548.00</b>	<b>435,434.00</b>	<b>-3,886.00</b>	<b>99.1%</b>
<b>Total OTHER BUDGET FUNDING REQUIRED</b>	<b>431,548.00</b>	<b>435,434.00</b>	<b>-3,886.00</b>	<b>99.1%</b>
6560 · PAYROLL EXPENSES	5,247.05			
66910 · Bank Service Charges	25.00			
<b>Total Expense</b>	<b>1,140,130.45</b>	<b>1,492,458.18</b>	<b>-352,327.73</b>	<b>76.4%</b>
<b>Net Ordinary Income</b>	<b>-362,352.92</b>	<b>-735,549.18</b>	<b>373,196.26</b>	<b>49.3%</b>
<b>Net Income</b>	<b>-362,352.92</b>	<b>-735,549.18</b>	<b>373,196.26</b>	<b>49.3%</b>

11:00 AM

09/08/21

Accrual Basis

**ARCATA FIRE DISTRICT**  
**Expenses by Vendor Detail**

August 2021

Type	Date	Memo	Account	Amount
<b>AMAZON</b>				
Credit Card Credit	08/02/2021	Refund for purchase - unable to ship to California	800941 · REFUNDS	-100.73
Credit Card Charge	08/04/2021	Commercial Adhesive Remover	5120.1 · Fire Apparatus	100.73
Credit Card Charge	08/04/2021	Smoke machine fluid	5234.2 · Training Supplies	27.35
Credit Card Charge	08/04/2021	Replacement linens and towels for all three stations	5090.1 · Station Supplies	482.84
Credit Card Charge	08/04/2021	Computer monitors x 2	5370.8 · Computer Systems ...	333.78
Credit Card Charge	08/04/2021	Computer monitor arm mount	5170.1 · Office Supplies	64.64
Credit Card Credit	08/05/2021	Unable to ship to California	800941 · REFUNDS	-100.73
Credit Card Charge	08/11/2021	Display port HDMI adapter for computer monitors	5170 · OFFICE SUPPLIES	25.61
Total AMAZON				833.49
<b>ARCATA VOLUNTEER FIREFIGHTERS ASSOC.</b>				
Bill	08/09/2021	September Rent	5210.1 · Arcata Station	8,000.00
Total ARCATA VOLUNTEER FIREFIGHTERS ASSOC.				8,000.00
<b>AT&amp;T- CAL NET 3</b>				
Bill	08/19/2021	Service Period 07-19-21 to 08-18-21	5060.1 · Phones & Internet	159.61
Total AT&T- CAL NET 3				159.61
<b>BECKY SCHUETTE</b>				
Bill	08/10/2021	Vision Reimbursement Child 1	5030.6 · Vision	239.97
Total BECKY SCHUETTE				239.97
<b>CAL PERS</b>				
Liability Check	08/06/2021	Employer Paid PP 06-27-21 to 07-10-21	5020.1 · CalPERS Retirement	15,524.82
Bill	08/10/2021	GASB 68 Reports & Schedules	5180.8 · OPEB Report (GASB)	1,750.00
Liability Check	08/20/2021	Employer paid PP 07-11-21 to 074-24-21	5020.1 · CalPERS Retirement	15,734.40
Total CAL PERS				33,009.22
<b>CalPERS 457 PLAN</b>				
Liability Check	08/06/2021	Employer Match PP 07-11-21 to 074-24-21	5010.5 · Deferred Compensa...	1,900.00
Liability Check	08/20/2021	Employer Match PP 07-25-21 to 08-07-21	5010.5 · Deferred Compensa...	1,900.00
Total CalPERS 457 PLAN				3,800.00
<b>CITY OF ARCATA</b>				
Bill	08/01/2021	Annual Storm Drainage Fee Sq. Ft.	Mad River	148.95
Bill	08/01/2021	Storm Drainage Fee Flat	Mad River	24.74
Bill	08/07/2021	Service Period 07-07-21 to 08-06-21	Mad River	108.21
Total CITY OF ARCATA				281.90
<b>COASTAL BUSINESS SYSTEMS, INC</b>				
Bill	08/16/2021	Copier and printers	5200.1 · Copier	575.39
Total COASTAL BUSINESS SYSTEMS, INC				575.39
<b>COSTCO</b>				
Credit Card Charge	08/24/2021	Department Photos for Boards	5170.1 · Office Supplies	3.56
Total COSTCO				3.56
<b>CPS HR CONSULTING</b>				
Bill	08/11/2021	Provision of Final Compensation and Classification Reports	5180.16 · Human Resource ...	12,367.00
Total CPS HR CONSULTING				12,367.00
<b>EUREKA HUMBOLDT FIRE EXTINGUISHER CO. INC</b>				
Bill	08/25/2021	Extinguisher Maintenance	5120.11 · Fire Extinguisher M...	233.44
Total EUREKA HUMBOLDT FIRE EXTINGUISHER CO. INC				233.44
<b>EUREKA OXYGEN</b>				
Bill	08/31/2021	Oxygen Cylander Rental	5140.1 · Medical Supplies	21.43
Total EUREKA OXYGEN				21.43
<b>FCTC</b>				
Bill	08/12/2021	Agency Statewide Eligibility Listin Hiring Fee	5230.10 · Recruitment	815.75
Total FCTC				815.75
<b>FDAC EBA</b>				
Bill	08/09/2021	September	5030.4 · Dental & Life Insura...	2,274.36
Total FDAC EBA				2,274.36

11:00 AM  
09/08/21  
Accrual Basis

ARCATA FIRE DISTRICT  
Expenses by Vendor Detail  
August 2021

Type	Date	Memo	Account	Amount
<b>FIRE TECH INSPECTION SERVICES</b>				
Bill	08/23/2021	Ground Ladder Annual Testing	5120.3 · Hose & Ladder Testi...	546.00
Total FIRE TECH INSPECTION SERVICES				546.00
<b>GAYNOR TELEPHONE SYSTEMS</b>				
Bill	08/27/2021	Sofware Assurance 10/14/21 to 10/13/22 Arcata Station	5060.1 · Phones & Internet	310.00
Total GAYNOR TELEPHONE SYSTEMS				310.00
<b>GOOGLE LLC</b>				
Credit Card Charge	08/16/2021	Storage	5150.8 · Google Services	1.99
Total GOOGLE LLC				1.99
<b>HUMBOLDT SANITATION</b>				
Bill	08/05/2021	July Service Period	McK	207.35
Total HUMBOLDT SANITATION				207.35
<b>ID CREATOR</b>				
Credit Card Charge	08/25/2021	ID Cards new recruits & one retiree	5230.14 · Recognition, Shield...	60.00
Total ID CREATOR				60.00
<b>IDLH TECHNOLOGY</b>				
Credit Card Charge	08/04/2021	Tactical Worksheet tabs	5370 · EQUIPMENT PURCH...	28.80
Total IDLH TECHNOLOGY				28.80
<b>INFINITE CONSULTING SERVICES</b>				
Bill	08/01/2021	Monthly managed IT	5121.1 · Computers	2,450.00
Bill	08/04/2021	Chromebooks x 3 for stations	5121.1 · Computers	2,147.00
Bill	08/04/2021	Replacement to Windows 7 computer - Campbell	5121.1 · Computers	1,412.24
Total INFINITE CONSULTING SERVICES				6,009.24
<b>KNOX COMPANY</b>				
Credit Card Charge	08/31/2021	Padlocks x 2	5230.7 · Fire Prevention Sup...	266.15
Total KNOX COMPANY				266.15
<b>LEHR AUTO ELECTRIC</b>				
Bill	08/27/2021	Snap in Halo Bulbs	8217 · E8217	153.07
Total LEHR AUTO ELECTRIC				153.07
<b>LIEBERT CASSIDY WHITMORE</b>				
Credit Card Charge	08/09/2021	MOU Overtime Training Webinar	5234.1 · Staff Training	75.00
Total LIEBERT CASSIDY WHITMORE				75.00
<b>MAD RIVER UNION</b>				
Bill	08/24/2021	Add for Measure F Advisory Committee	5191.1 · Publications & Notices	796.00
Total MAD RIVER UNION				796.00
<b>MCK. COMM. SERVICES DISTRICT</b>				
Bill	08/16/2021	Service period 07-06-21 to 08-02-21	McK	187.26
Bill	08/16/2021	McK DCV Service period 07-06-21 to 08-02-21	McK	25.76
Total MCK. COMM. SERVICES DISTRICT				213.02
<b>MCKINLEYVILLE ACE HARDWARE</b>				
Bill	08/08/2021	Pine sol	McK	14.00
Total MCKINLEYVILLE ACE HARDWARE				14.00
<b>MCKINLEYVILLE OFFICE SUPPLY</b>				
Bill	08/02/2021	Streamlight repair shipping	5171.1 · Postage & Shipping	34.70
Total MCKINLEYVILLE OFFICE SUPPLY				34.70
<b>MIDAMERICA HRA</b>				
Bill	08/18/2021	September HRA	5030.2 · Health Insurance (R...	19,288.31
Total MIDAMERICA HRA				19,288.31
<b>MILLER FARMS NURSERY</b>				
Bill	08/02/2021	Chainsaw repairs and maintenance	5120.9 · Power Tools Mainte...	54.00
Bill	08/03/2021	Chain Sharpen	5120.9 · Power Tools Mainte...	41.24
Bill	08/16/2021	Chainsaw repairs	5120.9 · Power Tools Mainte...	41.00
Total MILLER FARMS NURSERY				136.24

11:00 AM  
09/08/21  
Accrual Basis

ARCATA FIRE DISTRICT  
Expenses by Vendor Detail  
August 2021

Type	Date	Memo	Account	Amount
<b>MITCHELL, BRISSO, DELANEY &amp; VRIEZE, LLP</b>				
Bill	08/31/2021	Records Retention Policy Updates	5180.2 · Legal Services	647.50
Total MITCHELL, BRISSO, DELANEY & VRIEZE, LLP				647.50
<b>OFFICE DEPOT</b>				
Bill	08/10/2021	Cleaning supplies, paper towels, laundry soap	McK	92.51
Bill	08/10/2021	TP	McK	42.43
Bill	08/26/2021	TP, paper towels, laundry soap	McK	88.46
Total OFFICE DEPOT				223.40
<b>PACIFIC GAS AND ELECTRIC</b>				
Bill	08/09/2021	McK Station Service Period 06-28-21 to 07-27-21	McK	1,134.89
Bill	08/09/2021	Service Period 07-02-21 to 08-02-21	Arcata	916.23
Bill	08/23/2021	Service Period 07-16-21 to 08-16-21	Mad River	196.16
Total PACIFIC GAS AND ELECTRIC				2,247.28
<b>PARCEL QUEST</b>				
Bill	08/02/2021	Annual renewal	5150.4 · Parcel Quest Annual...	1,799.00
Total PARCEL QUEST				1,799.00
<b>PERS / HEALTH</b>				
Liability Check	08/06/2021	Active Premium Employer Paid Health August	5030.1 · Health Insurance (E...	30,213.96
Liability Check	08/06/2021	Retiree Employer Paid Premium	5030.2 · Health Insurance (R...	3,366.84
Liability Check	08/06/2021	Admin Fee Active Employees	5030.1 · Health Insurance (E...	76.74
Liability Check	08/06/2021	Admin Fee Retirees	5030.3 · Retiree Health Admi...	61.13
Total PERS / HEALTH				33,718.67
<b>PRO PACIFIC AUTO REPAIR, INC.</b>				
Bill	08/25/2021	Ongoing deferred maintenance	8216 · E8216	2,905.92
Bill	08/26/2021	Deferred Maintenance Repairs	8239 · E8239	10,682.49
Bill	08/31/2021	Oil Servicing	8217 · E8217	1,284.93
Total PRO PACIFIC AUTO REPAIR, INC.				14,873.34
<b>RECOLOGY</b>				
Bill	08/09/2021	July Service Period	Arcata	59.36
Bill	08/09/2021	July Service Period	Mad River	59.36
Total RECOLOGY				118.72
<b>ROSS MCDONALD</b>				
Bill	08/16/2021	Vision Reimbursement Self	5030.6 · Vision	144.50
Bill	08/23/2021	Vision Reimbursement Child	5030.6 · Vision	177.65
Total ROSS MCDONALD				322.15
<b>ROUND TABLE PIZZA</b>				
Credit Card Charge	08/02/2021	Rehab Green Diamond/Azalea fire	5080.1 · Food/Rehab Supplies	198.31
Total ROUND TABLE PIZZA				198.31
<b>SEAN CAMPBELL</b>				
Bill	08/05/2021	Vision Reimbursement self	5030.6 · Vision	280.00
Total SEAN CAMPBELL				280.00
<b>STREAMLINE</b>				
Bill	08/01/2021	Web hosting August	5180.17 · Web Page Hosting	300.00
Total STREAMLINE				300.00
<b>SUDDENLINK</b>				
Bill	08/09/2021	Aug 4 - Sept 3	5060.1 · Phones & Internet	1,048.35
Total SUDDENLINK				1,048.35
<b>SUPPLYCACHE</b>				
Credit Card Charge	08/27/2021	Fire hose bands	5370.6 · Firefighting Equipment	41.65
Total SUPPLYCACHE				41.65
<b>THE STANDARD</b>				
Bill	08/24/2021	LTD September 2021	5030.7 · Long Term Disability...	522.00
Total THE STANDARD				522.00

11:00 AM

09/08/21

Accrual Basis

ARCATA FIRE DISTRICT  
Expenses by Vendor Detail

August 2021

Type	Date	Memo	Account	Amount
<b>THOMAS HOME CENTER</b>				
Bill Pmt -Check	08/06/2021	Job 875655	800941 · REFUNDS	-15.84
Total THOMAS HOME CENTER				-15.84
<b>VALLEY PACIFIC</b>				
Bill	08/05/2021	Gas and diesel	Mad River	5,842.33
Total VALLEY PACIFIC				5,842.33
<b>VERIZON WIRELESS</b>				
Bill	08/09/2021	July 2 - Aug 1	5060.1 · Phones & Internet	485.02
Total VERIZON WIRELESS				485.02
<b>WITMER PUBLIC SAFETY GROUP</b>				
Bill	08/09/2021	Replacement lettering for shields	5230.14 · Recognition, Shield...	56.22
Bill	08/12/2021	Shield replacement lettering	5230.14 · Recognition, Shield...	4.95
Total WITMER PUBLIC SAFETY GROUP				61.17
<b>TOTAL</b>				<b>153,468.04</b>



## Resolution Number: 21-243

### A RESOLUTION OF THE ARCATA FIRE PROTECTION DISTRICT BOARD OF DIRECTORS IDENTIFYING THE TERMS AND CONDITIONS FOR FIRE DISTRICT RESPONSE AWAY FROM THEIR OFFICIAL DUTY STATION AND ASSIGNED TO AN EMERGENCY INCIDENT

**WHEREAS**, the Arcata Fire Protection District is a public agency located in the County of Humboldt, State of California; and

**WHEREAS**, it is the Arcata Fire Protection District's desire to provide fair and legal payment to all its employees for time worked; and

**WHEREAS**, the Arcata Fire Protection District has in its employ, Fire Suppression response personnel to include Fire Chief, Assistant Chief, Battalion Chief, Fire Captain, Engineer and Firefighter; and

**WHEREAS**, the Arcata Fire Protection District will compensate its employees port to portal while in the course of their employment and away from their official duty station and assigned to an emergency incident, in support of an emergency incident, or prepositioned for emergency response; and

**WHEREAS**, the Arcata Fire Protection District will compensate its employees' overtime in accordance with their current Memorandum of Understanding while in the course of their employment and away from their official duty station and assigned to an emergency incident, in support of an emergency incident, or prepositioned for an emergency response.

**NOW THEREFORE, BE IT RESOLVED THAT** the Arcata Fire Protection District Board of Directors hereby approve that:

1. Personnel shall be compensated according to all applicable labor contracts and District policies and procedures Rules and Regulations, and/or other directives that identify personnel compensation in the workplace.
2. In the event a personnel classification does not have an assigned compensation rate, a "Base Rate" as set forth in an organizational policy administrative directive or similar document will be used to compensate such personnel.
3. The Arcata Fire Protection District will maintain a current salary survey or acknowledgement of acceptance of the "Base Rate" on file with the California Governor's Office of Emergency Services, Fire Rescue Division.
4. Personnel will be compensated (port to portal) beginning at the time of dispatch to the return to jurisdiction when equipment and personnel are in service and available for agency response.

5. Fire District response personnel include Fire Chief, Assistant Chief, Battalion Chief, Fire Captain, Engineer and Firefighter.

**BE IT FURTHER RESOLVED THAT** Resolution 15-150, approved by the Board on March 17, 2015, will be superseded by adoption of this resolution.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the Arcata Fire Protection District by the following polled vote:

Ayes:

Nays:

Abstain:

Absent:

**DATED:** September 14, 2021

Signed:

---

Nicole Johnson, President

Attest:

---

Becky Schuette, Board Clerk/Secretary

**Date:** September 14, 2021  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief  
**Subject:** Authorize Removal of Four Outstanding Invoices from the District Accounts Receivable Records

**DISCUSSION:** District staff has been working with the District’s Accountant to close the 2020/21 accounts to prepare for the auditors scheduled to begin field work in October. There are four outstanding Direct Charge Invoices for the annual Fire Assessments for the 2020/21 fiscal year, totaling \$243. Two of the parcels, 509-241-026 and 511-084-046. have been turned over to the County by the property owners as retention basins covering unincorporated areas of McKinleyville. Those are now on the County Tax Rolls and can be collected in the future. One of the invoices contained three parcels, 507-282-009, 507-283-005 and 507-283-006, which were all part of the exemption list approved at the last board meeting via Resolution, as they are parcels that are part of the Mad River and not buildable. The final invoice is for a single-family residence, 508-273-006; however, the property is owned by the United States Department of Agriculture. The District attempted to mail the invoice to the residence directly in hopes the resident would make contact or pay the invoice. It remains unpaid. Being that it is owned by the United States, the County does not send property taxes to the Federal government. It was not placed on the exemption list, instead it will be watched annually in the event it ever changes ownership as a single-family residence.

**RECOMMENDATION:**

Staff recommends the Board authorize the removal of the four outstanding invoices from the District accounts receivable records for the 2020/21 fiscal year, on the following parcels: 507-282-009, 507-283-005, 507-283-006, 508-273-006, 509-241-026, 511-084-046.

**FINANCIAL IMPACT:**

- No Impact/Not Applicable
- Included in Budget
- Additional Appropriation Requested
- Other: Loss of \$243 in unpaid fire assessment fees for the 2020/21 fiscal year.

**ALTERNATIVES:**

The Board has the following alternatives:

1. Take no action
2. With direction, refer the topic back to staff for further consideration

**ATTACHMENTS:**

None



# Correspondence & Communications

**Date:** September 14, 2021  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief  
**Subject:** Fire Chief's Monthly Report

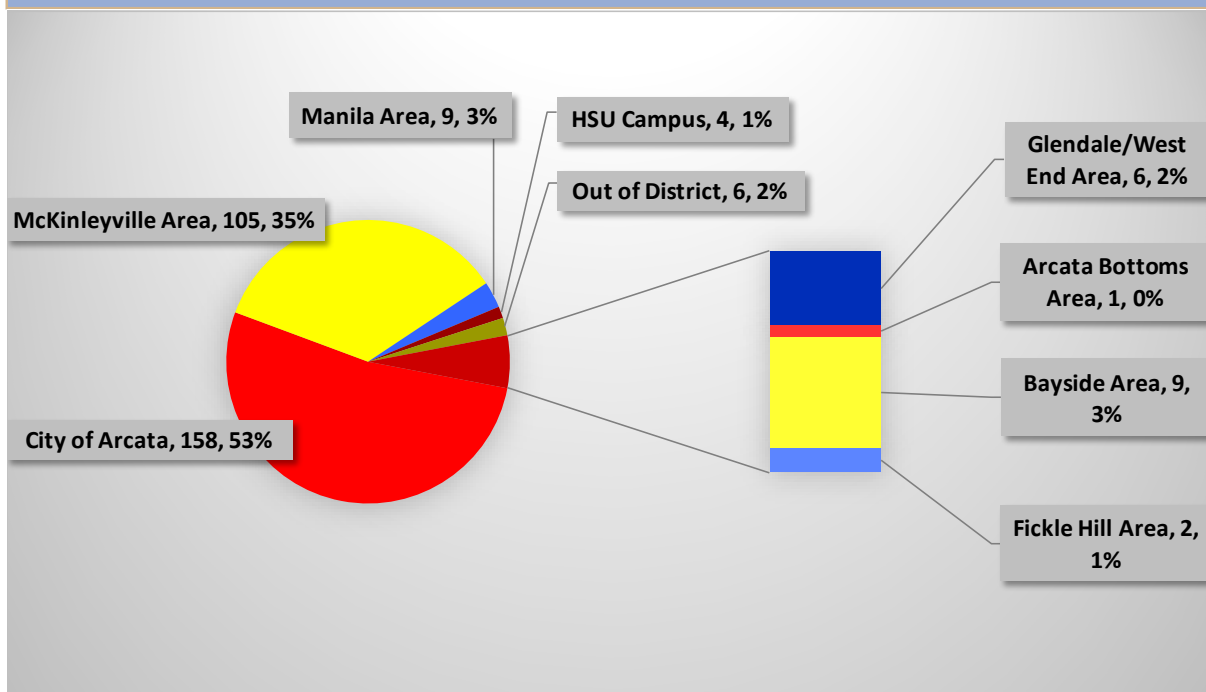
## Monthly Incident Activity

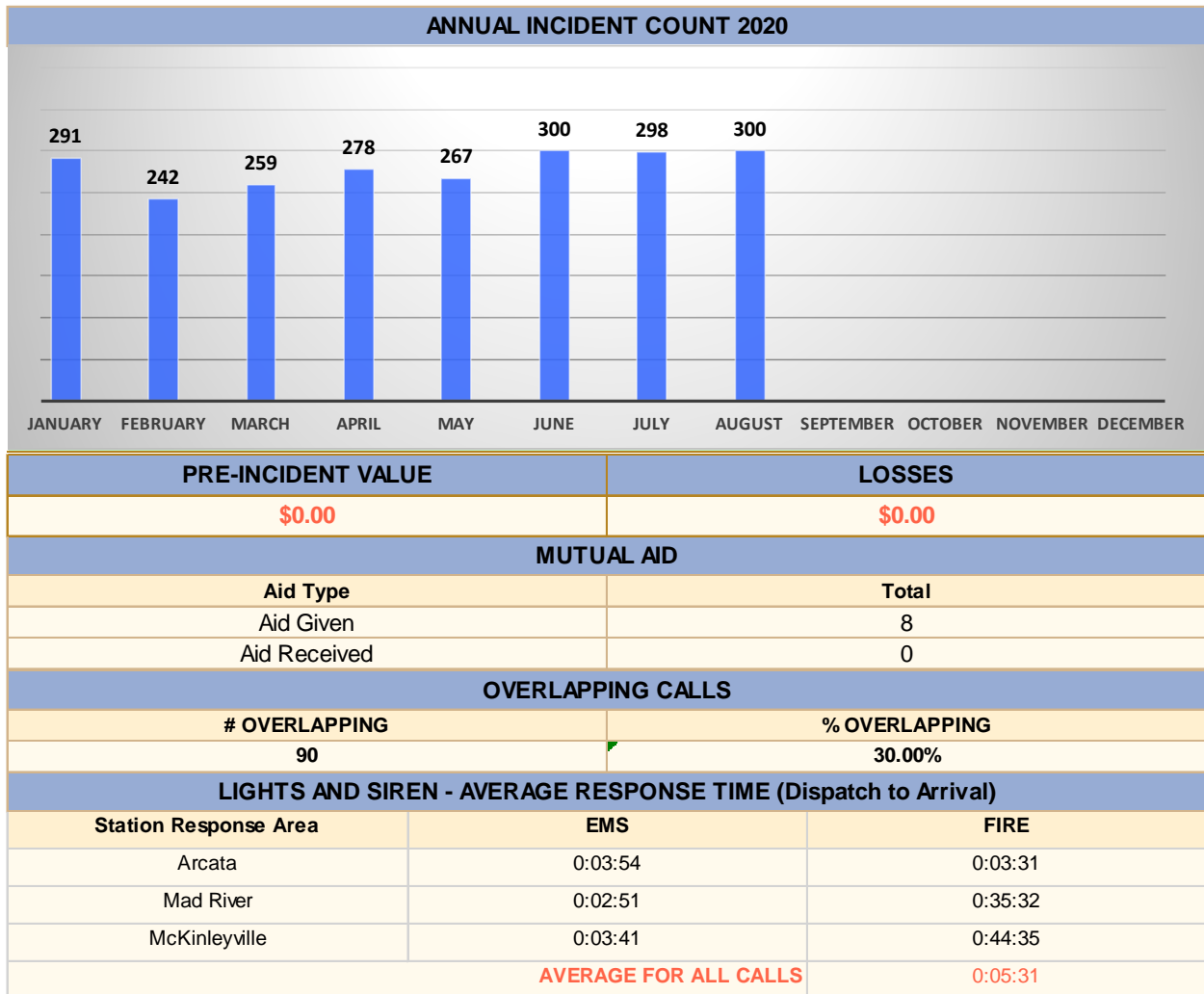
### Notable Incidents

- 8/2/21 Vegetation Fire (1 acre) – M1100 Road, McKinleyville
- 8/6/21 Vegetation Fire (¼ acre) – 900 Block of O Street, Arcata
- 8/7/21 Mutual Aid to CalFire – Vegetation Fire – CR2000 Road, Crannell
- 8/20/21 Mutual Aid to Blue Lake Fire – Structure Fire- 200 Blk G Street, Blue Lake
- 8/20/21 Mutual Aid to CalFire – Vegetation Fire – Bair Road, Redwood Valley
- 8/28/21 Vegetation Fire (¼ acre) – 5000 Block of West End Road, Arcata

INCIDENT COUNT		
Fires	25	8.33%
Overpressure rupture, explosion, overheat - no fire	0	0.00%
Rescue & Emergency Medical Service	159	53.00%
Hazardous Condition (No Fire)	5	1.67%
Service Call	32	10.67%
Good Intent Call	60	20.00%
False Alarm & False Call	19	6.33%
Severe Weather, Natural Disaster, & Other	0	0.00%
<b>TOTAL</b>	<b>300</b>	<b>100.00%</b>

### INCIDENT COUNT BY ZONE





**Monthly Operations Report**

**August Overtime Hours** - Career staff covered **74.5 hours** of OT to maintain minimum staffing levels for two stations. Additionally, staff worked another 724 hours of OT covering E8239

**Training Highlights – 237 hours** of training that included drivers training, HSU Housing Drill, MCSD treatment plan walkthrough, elevator rescue training, EMS refresher.

**Maintenance**

- E8211 -
- E8215 -
- E8216 -
- E8217 -
- E8239 -

No Report Submitted

<b>Fire Prevention Report</b>
-------------------------------

**Fire Marshal's Office**

Hours worked – **85 hours**

<u>Activity</u>	<u>Count</u>	
	<i>ARF</i>	<i>BLFD/SPFD</i>
Building Projects		
• Project Referrals	1	0
• Plan Reviews	6	0
• Building Code Interpretations	2	0
Inspections		
• Construction	20	0
• Business License	2	
• State Mandated	0	
○		
• Cannabis Facilities	1	
• Special	8	
○ <i>Fire Sprinkler-3 Flush and Hydro-2 Fire Alarm-3</i>		
Enforcement		
• Hazard Abatement	4	
• Code Enforcement	5	
• Referrals from R1 inspector	0	
Meetings		
• Building Department Pre-app	1	
• General Meeting	0	
• Public Education	1	
Other		
• Hydrant Flow	3	
• Cannabis Tour	0	
• Misc. Other Event	0	

**Inspection Program**

Total Hours – **90.5 hours**

**R1/R2 Inspection Activity**

**Count**

**16 Sites / 354 Units**

- Initial Site Inspections
  - Results: **12** compliant / **4** non-compliant
- First re-inspections – **10** locations with **9** compliant and **1** non-compliant
- Second re-inspection (fee charged) – **0** locations with **0** compliant and **0** non-compliant

**Other Inspections**

- **4** School inspections were completed
- Continuing to compile an accurate listing of sprinkled buildings

## Monthly Administrative Report

**Staffing Updates** – The District was able to fill a request from CalFire for station coverage. E8239 spent 9 days covering in county.

**Hiring/Promotional Process** – The recruitment process is pending the outcome of the labor contract negotiations.

**Measure F Citizen Advisory Committee** – Currently two applicants. The first review of the application will be completed by staff at the end of September, and Board action in October.

**2020 Census Director Division Redistricting** – The process is slow with the data being available from the Census Bureau. Staff has been using GIS to overlay the voter precincts with the census maps and the District director divisions. A draft redistrict of the divisions will be presented at the October meeting for action. The redistricting is due to the election’s office by November 1, 2021.

## Revenue Recovery

### Insurance Claims

	Last Month		All Year	
Claims Submitted	2	\$348.00	31	\$11,588.00
Payments Received By FRUSA	1	\$348.00	17	\$6,388.70
Claims Denied	0	\$0.00	1	\$348.00
NON-BILLABLE - (INADEQUATE INFO PROVIDED BY FD)	0	≅ \$0.00	0	≅ \$0.00
Drafts	0	≅ \$0.00	0	≅ \$0.00
Non-Billable (Other)	0	-	1	-
In Progress	2	-	16	-

### Inspection Fees Paid

Payments Last Month <b>\$3,040.00</b> (19 Invoices)	Invoiced Last Month <b>27</b>
--	----------------------------------

Payments This Year

**\$25,849.25** (161 Invoices)

Payments Last Year

**\$45,826.25** (275 Invoices)

---

<u>Billing Status</u>	<u>Count</u>	<u>FD Amount</u>
Open -30	10	\$1425.00
Open -60	1	\$131.00
Open -90	0	\$0
Open -90+	0	\$0
Sent to collections	11	\$1682.00
<i>Accounts Receivable</i>		<b>\$3238.00</b>

# District Business

**Date:** September 14, 2021  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief  
**Subject:** **CONDUCT A PUBLIC HEARING** to Consider Adoption of Resolution 20-244 Finalizing the Annual Budget for Fiscal Year 2021/22

---

### **Background**

Pursuant to Government Code 13895, the Board is required to adopt a final budget, after making any changes to the preliminary budget, no later than October 1. The Board adopted the preliminary FY2021/22 budget via the consent calendar on June 8, 2021 Regular Board meeting. Since that meeting, staff have been able to refine projections to reflect more exact revenue and expenditure calculations for FY2021/22. The following is a summary of changes to be included in the final budget.

### **TOTAL REVENUES: \$6,645,000**

**Tax Revenues:** *This* category in the revenues has been adjusted from the preliminary projections. The tax revenue now shows the projected revenue from the Measure F special tax. For FY 2021/22, based on the Assessor parcel list, the 2020 Special Tax is projected to generate \$2.3 million with the '06 Benefit Assessment at \$1.4 million. The rest of the tax allocations are projected with amounts collected from the year prior.

**Use of Money & Property:** This category was adjusted to reflect the earnings on the projected amount of money in the County Treasury. This category was increased 44%.

**Intergovernmental:** There were no additional changes to this category.

**Charges for Service:** This category was increased by 24% to account for projected revenue from the inspection program.

**Miscellaneous Revenue:** *There* were no additional changes to this classification.

**Other Financing Sources:** *This* is a new category for revenues that will reference amounts transferred into the budget from County Treasury, Reserves, or Savings accounts. The roll forward amount of \$242,497 from FY 2020/21 has been added to the budget.

### **TOTAL EXPENSES: \$5,659,000**

**Salaries & Benefits:** This section of the budget was updated to account for the projected increase in staffing levels. It also accounts for the projected increase to wages based on the CPS HR study. The District has been notified that the current health insurance plan is being eliminated. There is also the potential to move to a Vision insurance plan with an estimated cost of \$4,900. The District is still in discussions with the labor groups to finalize the changes to wages and benefits.

**Service and Supplies:** In this section, the budget was updated with a net change from the preliminary budget, with a 7.64% decrease.



- Liability Insurance premiums increased 66% and is now \$35,211.
- Request for \$3,000 to upgrade the FireCom headsets.
- Install remote lock/intercom on McKinleyville station front door, and intercom system on Arcata Station front doors.
- Request for \$1,000 to install drought resistant landscape at Mad River Station.
- \$12,367 in roll over funds applied to HR Services to make final payment to CPS HR.
- Request to purchase a link between records management system and scheduling software \$800 annual fee to Fire Manager and \$500 annual fee to Emergency Reporting.
- Rent for the Arcata Station increasing to \$10,000 per month after 1/1/2022.
- \$6,130 in roll over funds applied to health and wellness for workout equipment at the Arcata and Mad River stations.
- Request for \$7000 to upgrade wireless access points and server storage backup.
- Purchased laptops and desktop computer \$6,000.

**Other Required Expenditures**– In this category, the budget was updated with a net change from the preliminary budget, with an 185.5% increase.

**Capital Expense: \$143,000**

- Placeholder for extractor in Arcata \$50,000 if not grant funded.
- Request \$93,000 to repave Mad River Station and re-seal McKinleyville Station parking lots.

**Operating Fund Transfers: \$1.1 million**

- \$600,000 will be transferred back to the District’s three reserve funds.
- \$500,000 will be allocated to the CalPERS UAL payment.

**Recommendation**

Staff recommends the Board hold the public hearing and adopt the FY 2021/22 Budget.

**District Funds Requested/Required**

- No Fiscal Impact/Not Applicable
  - Included in Budget
- Additional Appropriation Requested

**Alternatives**

The Board has the following alternatives:

1. Take no action
2. With direction, refer the topic back to staff for further consideration

**Attachments**

Attachment 1 – Proposed Final Budget

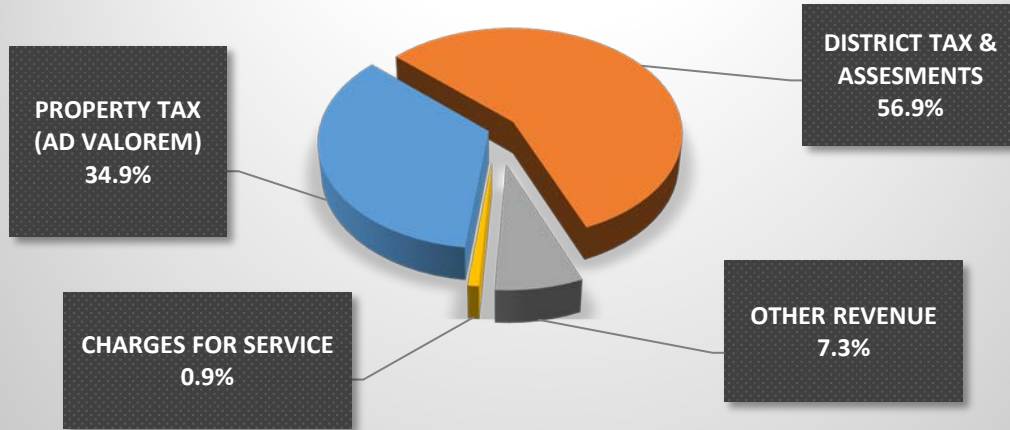
Attachment 2 – Resolution 21-244 and Exhibit A, Fiscal Year 2021/22 Budget



**FISCAL YEAR 2021/22**  
**Budget Projections**

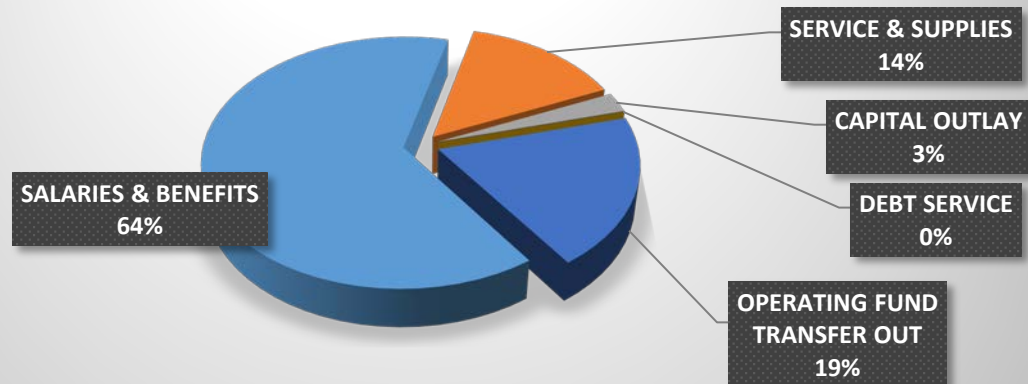
<b>REVENUES</b>	<b>\$6,645,000</b>
PROPERTY TAX (AD VALOREM)	\$2,316,000
DISTRICT TAX & ASSESSMENTS	\$3,781,000
OTHER REVENUE	\$486,000
CHARGES FOR SERVICE	\$62,000

**Projected Revenues**



<b>EXPENDITURES</b>	<b>\$5,659,000</b>
SALARIES & BENEFITS	\$3,597,000
SERVICE & SUPPLIES	\$819,000
CAPITAL OUTLAY	\$143,000
DEBT SERVICE	\$0
OPERATING FUND TRANSFER OUT	\$1,100,000
<b>Surplus (Deficit)</b>	<b>\$986,000</b>

**Projected Expenses**



Revenue Sources	General Operating Fund	2006 Benefit Assessment <sup>(1)</sup>	2020 Special Tax <sup>(2)</sup>	Inspection Program <sup>(3)</sup>	Grants	Striketeam Reimburse	TOTAL
County Tax Revenue	\$2,445,000	-	-	-	-	-	\$2,445,000
District Assessment & Tax	-	\$1,463,000	\$2,318,000	-	-	-	\$3,781,000
Use of Money	\$42,000	-	-	-	-	-	\$42,000
Intergovernmental	\$72,000	-	-	-	\$0	\$0	\$72,000
Charges for Service	\$5,000	-	-	\$57,000	-	-	\$62,000
Other Revenue	\$243,000	-	-	-	-	-	\$243,000
<b>Total Revenue</b>	<b>\$2,807,000</b>	<b>\$1,463,000</b>	<b>\$2,318,000</b>	<b>\$57,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,645,000</b>
<b>Expenditures and Appropriations</b>							
Personnel	\$1,938,000	\$720,000	\$896,000	\$43,000	-	\$0	\$3,597,000
Services & Supplies	\$270,000	\$270,000	\$270,000	\$9,000	-	\$0	\$819,000
Debt Service	-	-	-	-	-	-	\$0
Capital Expense	\$143,000	-	-	-	-	-	\$143,000
Operating Fund Transfers Out	\$280,000	\$410,000	\$410,000	-	-	-	\$1,100,000
<b>Total Expenditures</b>	<b>\$2,631,000</b>	<b>\$1,400,000</b>	<b>\$1,576,000</b>	<b>\$52,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,659,000</b>
<b>Fund Balance</b>	<b>\$176,000</b>	<b>\$63,000</b>	<b>\$742,000</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$0</b>	
							<b>Revenue to/from County Treasury Account</b>
							<b>\$986,000</b>
<b>Operating Fund Balance needed on July 1, 2021</b>						<b>Fund Balances - Beginning</b>	<b>\$2,941,178</b>
						<b>Fund Balances - Ending</b>	<b>\$3,927,178</b>
<i>Footnote #1 - The Benefit Assessment funds 3 Fire Captains, 3 Engineers, 1/3 of the operations</i>							
<i>Footnote #2 - The 2020 Special Tax funds 1 Chief officer, 3 Fire Captains, 3 Engineers, 1/3 of the operations</i>							
<i>Footnote #3 - Revenue generated by the Inspection Program funds the Inspector position, 1/4 of Fire Marshal and 1/4 Office Assistant positions</i>							
Budgeted Position Allocation	Admin	Suppression	Prevention	Logistics	<b>TOTAL</b>		
Full Time Positions	3	18	-	-	<b>21</b>		
Part-time Positions	0.75	-	2.25	-	<b>3</b>		
Volunteer Positions	-	2	-	10	<b>10</b>		

	FY 2020/21 Mid-Year	Year End Actuals FY 20/21	DRAFT Budget FY 21/22
<b>REVENUE</b>			
<b>TAX REVENUE</b>	<b>\$ 4,139,778</b>	<b>\$ 4,212,024</b>	<b>\$ 6,226,000</b>
101117 · PROPERTY TAX-CURRENT-SECURED	\$ 2,316,000	\$ 2,315,335	\$ 2,316,000
102500 · PROPERTY TAX-CURRENT-UNSECURED	\$ 84,600	\$ 92,218	\$ 85,000
105110 · PROPERTY TAX-PRIOR YEARS-SECURED	\$ 25,011	\$ 55,667	\$ 25,000
103500 · PROPERTY TAX-PRIOR YEARS-UNSECURED	\$ 989	\$ 1,206	\$ 1,000
800040 · SUPPLEMENTAL TAXES- CURRENT	\$ 12,000	\$ 28,298	\$ 12,000
105900 · SUPPLEMENTAL TAXES-PRIOR YEAR	\$ 4,500	\$ 7,279	\$ 5,000
113100 · STATE TIMBER TAX	\$ 530	\$ 890	\$ 530
800050 · PROPERTY ASSESSMENTS	\$ 1,696,148	\$ 1,711,754	\$ 3,781,000
2006 Benefit Assessment	\$ 1,382,047		\$ 1,463,000
2020 Special Tax	\$ 314,101		\$ 2,318,000
<b>USE OF MONEY &amp; PROPERTY</b>	<b>\$ 28,978</b>	<b>\$ 338</b>	<b>\$ 42,000</b>
800190 · INTEREST INCOME	\$ 28,978	\$ 338	\$ 42,000
<b>INTERGOVERNMENTAL</b>	<b>\$ 387,670</b>	<b>\$ 334,161</b>	<b>\$ 72,000</b>
525110 · HOMEOWNERS PROP. TAX RELIEF	\$ 26,120	\$ 25,328	\$ 25,000
800580 · FEDERAL AID IN-LIEU TAX	\$ -	\$ 964	\$ -
800600 · OTHER GOVERNMENT AGENCIES	\$ 149,983	\$ 96,302	\$ 47,000
800944 · GRANT REVENUE	\$ 2,995	\$ 2,995	\$ -
800950 · FIREFIGHTING REIMBURSEMENTS	\$ 208,572	\$ 208,572	\$ -
<b>CHARGES FOR SERVICES</b>	<b>\$ 50,000</b>	<b>\$ 69,786</b>	<b>\$ 62,000</b>
800155 · PREVENTION FEES	\$ 10,000	\$ 18,480	\$ 12,000
800156 · R1/R2 INSPECTION FEES	\$ 35,000	\$ 47,732	\$ 45,000
800946 · INCIDENT REVENUE RECOVERY FEES	\$ 5,000	\$ 3,574	\$ 5,000
<b>MISCELLANEOUS REVENUES</b>	<b>\$ 33,500</b>	<b>\$ 36,544</b>	<b>\$ 700</b>
800940 · OTHER REVENUE	\$ 32,000	\$ 33,558	\$ -
800941 · REFUNDS	\$ 1,300	\$ 2,681	\$ 500
800942 · INCIDENT REPORTS	\$ 200	\$ 305	\$ 200
<b>OTHER FINANCING SOURCES</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 242,497</b>
Transfer-In From Reserve Fund	\$ -	\$ -	\$ 242,497
Contingency Fund	\$ -	\$ -	\$ -
Training Reserve Fund	\$ -	\$ -	\$ -
Capital Improvement Fund	\$ -	\$ -	\$ -
PERS Contingency Fund	\$ -	\$ -	\$ -
County Treasury General Fund	\$ -	\$ -	\$ 242,497
800920 · SALE OF FIXED ASSETS	\$ 50,000	\$ 50,000	\$ -
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 4,689,927</b>	<b>\$ 4,702,853</b>	<b>\$ 6,645,000</b>

Notes

Projected based on assessor list  
 Projected based on assessor list

Roll forward= \$6,130 Health & Wellness, \$12,367  
 CPSHR, \$224,000 soft opening

	Mid Year Budget FY 20/21	Year End Actuals FY 20/21	DRAFT FY 21/22	Notes
<b>EXPENSES</b>				
<b>SALARIES &amp; EMPLOYEE BENEFITS</b>				
<b>5010 · SALARIES AND WAGES</b>	<b>\$1,633,881</b>	<b>\$1,475,988</b>	<b>\$2,108,000</b>	
5010.1 · Full-Time	\$1,139,586	\$1,036,128	\$1,569,000	\$224,000 roll forward funds
5010.2 · CTO Payout	\$228,000	\$146,776	\$314,000	
5010.3 · Settlement Pay/Vacation	\$30,000	\$31,055	\$30,000	
5010.4 · Holiday Pay	\$50,000	\$45,815	\$50,000	
5010.5 · Deferred Compensation	\$49,400	\$45,000	\$57,000	
5010.6 · Part-Time (Hourly)	\$83,007	\$117,304	\$88,000	
5010.8 · CalFire/OES Pay	\$53,888	\$53,910		
<b>5020 · RETIREMENT</b>	<b>\$373,146</b>	<b>\$334,767</b>	<b>\$393,300</b>	
5020.1 · CalPERS Retirement	\$346,094	\$309,358	\$367,000	
5020.3 · Social Security	\$4,019	\$4,471	\$5,000	
5020.4 · Medicare	\$22,733	\$20,938	\$21,000	
5020.5 · CalPERS Section 218 Admin Fee	\$300	\$0	\$300	
<b>5030-GROUP INSURANCE</b>	<b>\$860,901</b>	<b>\$661,182</b>	<b>\$984,900</b>	
5030.1 · Health Insurance (Employees)	\$476,570	\$331,208	\$642,000	No adjustment made - pending contract negotiations
5030.2 · Health Insurance (Retirees)	\$333,783	\$290,181	\$286,000	
5030.3 · Retiree Health Admin Fees	\$4,068	\$714	\$4,000	
5030.4 · Dental & Life Insurance	\$32,940	\$26,706	\$38,000	
5030.5 · Air Ambulance Insurance	\$1,100	\$1,917	\$3,000	
5030.6 · Vision	\$3,500	\$3,703	\$4,900	FDAC Plan increased
5030.7 · Long Term Disability Insurance	\$5,940	\$5,351	\$7,000	
<b>5033 · UNEMPLOYMENT INSURANCE</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$5,000</b>	
5033.1 · Unemployment (Self Funded)	\$5,000	\$0	\$5,000	
<b>5035 · WORKER'S COMPENSATION</b>	<b>\$49,840</b>	<b>\$49,840</b>	<b>\$105,400</b>	
5035.1 · PRIMARY	\$41,533	\$41,533	\$84,000	
5035.3 · ADMIN FEE	\$8,307	\$8,307	\$21,000	
<b>TOTAL SALARIES &amp; EMPLOYEE BENEFITS</b>	<b>\$2,922,768</b>	<b>\$2,521,776</b>	<b>\$3,597,000</b>	
<b>SERVICE &amp; SUPPLIES</b>				
<b>5050 · CLOTHING &amp; PERSONAL SUPPLIES</b>	<b>\$20,600</b>	<b>\$13,806</b>	<b>\$41,000</b>	
5050.1 · Uniforms	\$18,000	\$12,930	\$20,000	
5050.2 · Station Boots	\$2,000	\$0	\$2,000	
5050.3 · PPE - Structure	\$0	\$184	\$12,000	moved and renumbered
5050.4 · PPE - Wildland	\$0	\$0	\$5,000	moved and renumbered
5050.5 · PPE - VLU Team	\$100	\$0	\$1,000	moved and renumbered
5050.6 · Shields & Badges	\$500	\$692	\$1,000	moved and renumbered
<b>5060 · COMMUNICATIONS</b>	<b>\$180,680</b>	<b>\$103,063</b>	<b>\$43,200</b>	
5060.1 · Phones - Landline & Cellular	\$35,000	\$21,898	\$24,600	Combined
5060.2 · Alarm Monitoring	\$3,000	\$1,954	\$3,000	
5060.3 · Communication - Miscellaneous	\$500	\$0	\$500	
5060.4 · HCFCA Radio System Annual Fee	\$1,600	\$0	\$1,600	
5060.5 · Cable TV/Internet	\$2,000	\$0	\$13,500	
5060.6 · Fire Dispatch Fees	\$138,580	\$79,211	\$0	Moved and renumbered
<b>5080 · FOOD</b>	<b>\$2,000</b>	<b>\$682</b>	<b>\$2,750</b>	
5080.1 · Food/Rehab Supplies	\$1,500	\$478	\$2,000	
5080.2 · Drinking Water	\$500	\$204	\$750	
<b>5090 · HOUSEHOLD EXPENSE</b>	<b>\$7,300</b>	<b>\$8,070</b>	<b>\$8,800</b>	
5090.1 · Station Supplies	\$3,300	\$2,465	\$4,100	
5090.2 · Garbage Service	\$4,000	\$5,605	\$4,700	
5090.3 · Station Furniture	\$0	\$0	\$5,000	moved and renumbered
<b>5100 · LIABILITY INSURANCE</b>	<b>\$23,335</b>	<b>\$23,335</b>	<b>\$36,000</b>	
5100.1 · Liability Insurance	\$23,335	\$23,335	\$36,000	66% increase

	Mid Year Budget FY 20/21	Year End Actuals FY 20/21	DRAFT FY 21/22	Notes
<b>5120 · MAINTENANCE-EQUIPMENT</b>	<b>\$121,950</b>	<b>\$115,716</b>	<b>\$98,400</b>	
5120.1 · Fire Apparatus	\$90,000	\$81,054	\$65,000	
5120.2 · Officers Vehicles	\$5,000	\$12,918	\$10,000	
5120.3 · Hose & Ladder Testing	\$6,800	\$7,126	\$6,800	
5120.4 · Hose Repair	\$500	\$0	\$500	
5120.7 · SCBA	\$6,000	\$4,201	\$1,000	
5120.8 · Hydraulic Rescue Tool Service	\$3,500	\$2,118	\$3,800	
5120.9 · Power Tools Maintenance	\$350	\$277	\$1,000	
5120.10 · AED/LUCAS Annual Maintenance	\$8,100	\$7,240	\$8,100	
5120.11 · Fire Extinguisher Maintenance	\$1,200	\$545	\$1,200	
5120.12 · Equipment Maintenance - Misc	\$500	\$237	\$500	
5120.13 · Small Instrument Repair & Testing			\$500	New
<b>5121 · MAINTENANCE-ELECTRONICS</b>	<b>\$2,900</b>	<b>\$1,794</b>	<b>\$5,500</b>	
5121.1 · Computers	\$1,000	\$1,342	\$1,000	
5121.2 · Radios, Pagers, & FireCom	\$400	\$304	\$3,000	\$2000 Upgrade to FireCom headsets
5121.3 · Batteries	\$1,500	\$147	\$1,500	
<b>5130 · MAINTENANCE-STRUCTURE</b>	<b>\$4,950</b>	<b>\$6,948</b>	<b>\$13,700</b>	
5130.1 · General Structure Maintenance	\$1,000	\$2,794	\$6,700	\$2500 Mck Office lock/ \$3200 Arc doors
5130.2 · Grounds Maintenance	\$500	\$1,623	\$2,000	\$1000 MR yard upgrade
5130.3 · Emergency Power Maintenance	\$2,000	\$1,178	\$2,000	
5130.4 · Pest	\$1,450	\$1,353	\$3,000	
<b>5140 · MEDICAL SUPPLIES</b>	<b>\$6,000</b>	<b>\$4,208</b>	<b>\$8,500</b>	
5140.1 · EMS Supplies	\$6,000	\$4,208	\$6,000	
5140.2 · AED & LUCAS Supplies	\$0	\$0	\$500	moved and renumbered
5140.3 · COVID-19 Supplies	\$0	\$0	\$2,000	New
<b>5150 · MEMBERSHIPS</b>	<b>\$2,000</b>	<b>\$1,708</b>	<b>\$2,000</b>	
5150.6 · Dues	\$2,000	\$1,708	\$2,000	
<b>5160 · MISCELLANEOUS EXPENSE</b>	<b>\$1,000</b>	<b>\$392</b>	<b>\$1,000</b>	
5160.1 · Uncategorized Miscellaneous Expense	\$1,000	\$392	\$1,000	
<b>5170 · OFFICE EXPENSE</b>	<b>\$5,500</b>	<b>\$3,394</b>	<b>\$6,600</b>	
5170.1 · Office Supplies	\$4,500	\$2,581	\$5,000	
5170.2 · Postage	\$1,000	\$814	\$1,000	moved and renumbered
5170.3 · Software	\$0	\$0	\$500	New
5170.4 · Subscriptions Periodicals	\$0	\$0	\$100	moved and renumbered
<b>5180 · PROFESSIONAL &amp; SPECIAL SERVICES</b>	<b>\$210,274</b>	<b>\$132,300</b>	<b>\$172,550</b>	
5180.2 · Legal Services	\$60,000	\$23,074	\$40,000	
5180.16 · Human Resource Services	\$57,100	\$24,882	\$27,000	\$12,367 roll forward funds
5180.9 · Medical exam/Drug Screening	\$10,000	\$14,720	\$20,000	
5180.11 · Background Checks	\$8,000	\$2,258	\$8,000	
5180.3 · Audit Services	\$10,000	\$9,000	\$10,000	
5180.4 · Accountant/Bookkeeping	\$10,000	\$5,308	\$10,000	
5180.12 · IT Services	\$30,000	\$36,083	\$30,000	
5180.6 · CAD Interface Annual Fee	\$1,750	\$1,200	\$1,750	
5180.8 · GASB 75 Report Fee	\$7,000	\$0	\$7,000	
5180.2 · Scheduling Program Annual Fee	\$2,674	\$2,674	\$3,400	\$800 annual for ERS/FM link
5180.?? · Parcel Quest Annual Fees	\$1,800	\$1,799	\$2,000	moved and renumbered
5180.?? · Google Services	\$1,800	\$2,294	\$0	moved and renumbered
5180.9 · Records Management System Annual Fee	\$3,700	\$3,701	\$4,200	\$500 annual for ERS/FM link
5180.?? · eDispatches Annual Fee	\$1,750	\$1,548	\$2,000	moved and renumbered
5180.15 · Miscellaneous Services	\$500	\$9	\$500	
5180.?? · Subscriptions	\$1,900	\$2,696	\$1,800	moved and renumbered
5180.?? · Humboldt Cnty Fire Chiefs' Assoc Dues	\$800	\$0	\$800	moved and renumbered
5180.?? · Survey System Annual Fee			\$500	New
5180.17 · Webpage Hosting Annual Fee	\$1,500	\$900	\$3,600	moved and renumbered
<b>5190 · PUBLICATIONS &amp; LEGAL NOTICES</b>	<b>\$1,000</b>	<b>\$112</b>	<b>\$1,000</b>	
5190.1 · Publications & Notices	\$1,000	\$112	\$1,000	

	Mid Year Budget FY 20/21	Year End Actuals FY 20/21	DRAFT FY 21/22	Notes
<b>5200 · RENTS &amp; LEASES-EQUIPMENT</b>	<b>\$7,500</b>	<b>\$6,986</b>	<b>\$7,500</b>	
5200.1 · Copier	\$7,500	\$6,986	\$7,500	
<b>5210 · RENT &amp; LEASES - STRUCTURES</b>	<b>\$96,000</b>	<b>\$96,040</b>	<b>\$108,000</b>	
5210.1 · 631 9th Street	\$96,000	\$96,040	\$108,000	Rent increase to \$10k per month 1/1/22
<b>5230 · SPECIAL DISTRICT EXPENSE</b>	<b>\$118,030</b>	<b>\$118,716</b>	<b>\$146,500</b>	
5230.1 · Property Tax Admin Fee	\$70,371	\$62,022	\$71,000	
5230.2 · Tax Roll Direct Charge Fee	\$6,276	\$6,226	\$14,000	
5230.3 · LAFCO Annual Fee	\$3,883	\$3,089	\$4,000	
5230.4 · Grant Management	\$0	\$0	\$2,000	
5230.5 · Assessment Adjustments/Refunds	\$1,000	\$432	\$5,000	
5230.6 · Public Education Supplies	\$0	\$538	\$1,500	
5230.8 · Certifications	\$1,000	\$603	\$1,000	
5230.10 · Recruitment	\$500	\$0	\$1,000	
5230.11 · Bank Fees	\$1,000	\$377	\$1,000	
5230.14 · Recognition Awards	\$500	\$500	\$2,000	
5230.15 · Health & Wellness	\$10,000	\$3,870	\$7,000	\$6130 roll forward funds
5230.16 · Public Outreach	\$1,000	\$0	\$1,000	
5230.18 · HCFCFA Air Trailer Annual Fee	\$1,000	\$0	\$1,000	
5230.17 · HBF Truck Response	\$10,000	\$0	\$10,000	
5230.19 · Staff Training	\$1,500	\$941	\$15,000	moved and renumbered
5230.20 · Training Supplies	\$10,000	\$7,102	\$10,000	moved and renumbered
5230 · Other		\$33,017		
<b>5250 · TRANSPORTATION &amp; TRAVEL</b>	<b>\$35,000</b>	<b>\$31,888</b>	<b>\$50,000</b>	
5250.1 · Fuel	\$35,000	\$31,888	\$35,000	
5250.2 · Lodging	\$0	\$0	\$5,000	New
5250.3 · Per Diem Reimbursement	\$0	\$0	\$5,000	New
5250.4 · Conference Tuition	\$0	\$0	\$5,000	New

	Mid Year Budget FY 20/21	Year End Actuals FY 20/21	DRAFT FY 21/22	Notes
<b>5260 · UTILITIES</b>	<b>\$36,000</b>	<b>\$32,764</b>	<b>\$38,000</b>	
5260.1 · P G & E	\$30,000	\$27,067	\$32,000	
5260.2 · Water & Sewer	\$6,000	\$5,697	\$6,000	<i>moved and renumbered</i>
<b>5370 · MINOR EQUIPMENT</b>	<b>\$4,500</b>	<b>\$7,187</b>	<b>\$27,500</b>	
5370.4 · Fire Hose	\$0	\$0	\$5,000	
5370.10 · Small Tools	\$0	\$0	\$500	<i>New</i>
5370.6 · Firefighting Equipment & Fabrication	\$1,500	\$4,148	\$9,000	
5370.8 · Computer/Electronics	\$3,000	\$3,039	\$13,000	<i>\$7000 server &amp; WAP Upgrade \$6000 laptops and desktop</i>
5370.9 · Power Tools	\$0	\$0	\$0	
<b>TOTAL SERVICE &amp; SUPPLIES</b>	<b>\$886,519</b>	<b>\$709,110</b>	<b>\$819,000</b>	
<b>OTHER EXPENDITURES</b>				
<b>CAPITAL EXPENSE</b>	<b>\$0</b>	<b>\$0</b>	<b>\$143,000</b>	
Equipment	\$0	\$0	\$50,000	<i>Extractor @ Arc</i>
Construction Improvements	\$0	\$0	\$93,000	<i>Parking Lot @ MR &amp; McK</i>
<b>EQUIPMENT LOAN DEBT SERVICE</b>	<b>\$159,685</b>	<b>\$159,685</b>	<b>\$0</b>	
Long Term Debt - Principal	\$152,095	\$152,095	\$0	
Long Term Debt - Interest	\$7,590	\$7,590	\$0	
<b>OPERATING FUND TRANSFERS</b>	<b>\$665,841</b>	<b>\$367,591</b>	<b>\$1,100,000</b>	
Contingency Fund Transfer	\$150,000	\$0	\$200,000	
Vehicle Replacement Fund Transfer			\$200,000	
PERS Rate Contingency Fund Transfer	\$150,000	\$0	\$200,000	
PERS Unfunded Liability Payment	\$365,841	\$367,591	\$500,000	
<b>TOTAL OTHER EXPENDITURES</b>	<b>\$825,526</b>	<b>\$527,276</b>	<b>\$1,243,000</b>	
<b>TOTAL EXPENDITURES</b>	<b>\$4,634,812</b>	<b>\$3,758,162</b>	<b>\$5,659,000</b>	
<b>BUDGET CONTINGENCY [Funded (underfunded)]</b>	<b>\$55,114</b>	<b>\$944,691</b>	<b>\$986,000</b>	



**Resolution Number: 21-244****A RESOLUTION OF THE ARCATA FIRE PROTECTION DISTRICT BOARD OF DIRECTORS ADOPTING THE FISCAL YEAR 2021/22 BUDGET**

**WHEREAS**, the Board of Directors has reviewed and considered the Budget for Fiscal Year 2021/22, Exhibit A, hereinafter referred to as the "Budget"; and

**WHEREAS**, the Budget provides a comprehensive plan of financial operations for the District including an estimate of revenues and the anticipated requirements for expenditures, appropriations, and reserves for the forthcoming fiscal year; and

**WHEREAS**, the Budget establishes the basis for incurring liability and making expenditures on behalf of the District; and

**WHEREAS**, section 13895 of the Health and Safety Code provides that on or before October 1 of each year, the Board must adopt a final budget which conforms to the accounting and budgeting procedures for special districts, and

**WHEREAS**, the Preliminary Fiscal Year 2021/22 Budget was adopted at the June 8, 2021 Regular Board Meeting by a consent calendar roll call vote, and the date of the public hearing set for the September Regular Board Meeting; and

**WHEREAS**, the September 14, 2021 Regular Board Meeting agenda in which the proposed budget for Fiscal Year 2021/22 was noticed pursuant to the notice provisions of the Ralph M. Brown Act, as codified in section 54950 et seq. of the California Government Code; and

**WHEREAS**, the September 8, 2021 Regular Board Meeting, the public was offered an opportunity to comment on the proposed budget for Fiscal Year 2021/22, prior to the Board taking action on the matter.

**NOW THEREFORE, BE IT RESOLVED THAT** the Arcata Fire Protection District Board of Directors hereby approves and adopts the Fiscal Year 2021/22 Budget.

**BE IT FURTHER RESOLVED THAT** the Fire Chief or designee shall transmit a certified copy of this resolution with Exhibit A, the adopted budget for Fiscal Year 2021/22 to the Office of the Humboldt County Auditor Controller as required pursuant to section 13895 of the Health and Safety Code.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the Arcata Fire Protection District by the following polled vote:

Ayes:

Nays:

Abstain:

Absent:

**DATED:** September 14, 2021

Signed: \_\_\_\_\_  
Nicole Johnson, President

Attest: \_\_\_\_\_  
Becky Schuette, Board Clerk/Secretary

Arcata Fire Protection District  
BUDGET FOR FISCAL YEAR 2021/2220

**SALARIES & EMPLOYEE BENEFITS**

5010 · SALARIES AND WAGES	\$2,108,000
5020 · RETIREMENT	\$393,300
5030-GROUP INSURANCE	\$984,900
5033 · UNEMPLOYMENT INSURANCE	\$5,000
5035 · WORKER'S COMPENSATION	\$105,400

**Subtotal Salaries & Employee Benefits**      **\$3,597,000**

**SERVICE & SUPPLIES**

5050 · CLOTHING & PERSONAL SUPPLIES	\$41,000
5060 · COMMUNICATIONS	\$43,200
5080 · FOOD	\$2,750
5090 · HOUSEHOLD EXPENSE	\$8,800
5100 · LIABILITY INSURANCE	\$36,000
5120 · MAINTENANCE-EQUIPMENT	\$98,400
5121 · MAINTENANCE-ELECTRONICS	\$5,500
5130 · MAINTENANCE-STRUCTURE	\$13,700
5140 · MEDICAL SUPPLIES	\$8,500
5150 · MEMBERSHIPS	\$2,000
5160 · MISCELLANEOUS EXPENSE	\$1,000
5170 · OFFICE EXPENSE	\$6,600
5180 · PROFESSIONAL & SPECIAL SERVICES	\$172,550
5190 · PUBLICATIONS & LEGAL NOTICES	\$1,000
5200 · RENTS & LEASES-EQUIPMENT	\$7,500
5210 · RENT & LEASES - STRUCTURES	\$108,000
5230 · SPECIAL DISTRICT EXPENSE	\$146,500
5250 · TRANSPORTATION & TRAVEL	\$50,000
5260 · UTILITIES	\$38,000
5370 · MINOR EQUIPMENT	\$27,500

**Subtotal Service & Supplies**      **\$819,000**

**OTHER EXPENDITURES**

CAPITAL EXPENSE	\$143,000
LOAN/DEBT SERVICE	\$0
OPERATING FUND TRANSFERS-OUT	\$1,100,000

**Subtotal Other Expenditures**      **\$1,243,000**

**TOTAL EXPENDITURES**      **\$5,659,000**

**TOTAL REVENUE**      **\$6,645,000**

**BUDGET CONTINGENCY [Funded (underfunded)]**      **\$986,000**

**Date:** September 14, 2021  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief & Cameron Weist, Bond Counsel  
**Subject:** Consider Approval of Resolution 21-245 with Exhibit A Adopting a Debt Management Policy

---

**DISCUSSION:**

The District currently has a contract with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for all full-time safety and miscellaneous employees. As part of the contract, the District is obligated to pay any unfunded accrued liability (UAL). This is the amount by which CalPERS is short of the amount that will be necessary, without further payments from the District, to pay benefits already earned by current and former employees covered by CalPERS (collectively, the “UAL Obligation”).

On June 8, 2021, the Board adopted a resolution setting forth its intention to proceed with the financing (hereafter called “Financing”) of part or all of the UAL Obligation (the “UAL Prepayment”), the effect of which will be to (i) increase the funded status of these plans, (ii) enhance budget predictability by “smoothing” out the UAL payment structure over the next 15 to 20 years (i.e., minimize the effects of fiscal peaks and valleys that prove problematic for annual budgets), and (iii) provide near-term cash flow savings to the District.

**ADOPTION OF A DEBT MANAGEMENT POLICY:**

Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) prior to the sale of any debt issue a report of the proposed issuance. Issuers are now required to certify on the Report of Proposed Debt Issuance that they have adopted a debt policy concerning the use of debt and that the proposed debt issuance is consistent with the adopted policy. The District’s local debt policy, at a minimum, must include (A) through (E), below.

- A. The purposes for which the debt proceeds may be used.
- B. The types of debt that may be issued.
- C. The relationship of the debt to, and integration with, the issuer’s capital improvement program or budget, as applicable.
- D. Policy goals related to the District’s planning goals and objectives.
- E. The internal control procedures that the District has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

In addition to the requirement set forth by Government Code section 8855(i), it is prudent financial management for the District to adopt a debt management policy that sets parameters for issuing debt, managing the District’s debt portfolio and provides guidance to decision makers. Adoption of the attached Debt Management Policy will help ensure that District debt is issued and managed prudently to maintain a sound fiscal position and that any future credit rating is protected.

The attached Debt Management Policy has been written to include all elements required by CDIAC as well as best management practices expected by the pertinent credit markets and municipal bond industry.

**FINANCIAL CONSIDERATIONS:**

Because the consultants have agreed to work on a fully contingent basis, there are minimal cost implications to the District. Any costs would be related to staff time spent on administrative tasks associated with the implementation of the Debt Management Policy.

**RECOMMENDATION:**

Staff recommends the Board consider the information provided, take public comment, discuss and approve the adoption of Resolution 21-245 with Exhibit A.

**FINANCIAL IMPACT:**

- No Impact/Not Applicable
- Funding Source Confirmed:
- Other:

**ALTERNATIVES:**

The Board has the following alternatives:

1. Take no action
2. With direction, refer the topic back to staff for further consideration

**ATTACHMENTS:**

Attachment 1 – Resolution 21-245 with Exhibit A

**Resolution Number: 21-245**

**A RESOLUTION OF THE ARCATA FIRE PROTECTION DISTRICT BOARD OF DIRECTORS APPROVING AND ADOPTING A DEBT MANAGEMENT POLICY**

**WHEREAS**, the Board of Directors (the “Board”) of Arcata Fire Protection District (the “District”) recognizes that cost-effective access to the capital markets depends on prudent management of the District’s debt program; and

**WHEREAS**, SB 1029 (amending Government Code section 8855) has been signed into law and imposes a new requirement on California local government agencies who will issue municipal debt; and

**WHEREAS**, Government Code section 8855(i) requires any issuer of public debt to provide to California Debt and Investment Advisory Commission (CDIAC) no later than 30 days prior to the sale of any debt issue a report of the proposed issuance (the “Report of Proposed Debt Issuance”), and must certify on the Report of Proposed Debt Issuance that they have adopted local debt policies concerning the use of debt and that the proposed debt issuance is consistent with those policies (the “CDIAC Requirements”); and

**WHEREAS**, the District expects to be an issuer of new debt in 2021 and thereafter within the meaning of SB 1029 and the CDIAC Requirements; and

**WHEREAS**, the Board wishes to set parameters for issuing debt, managing the debt portfolio and providing guidance to decision makers; and

**WHEREAS**, the Board hereby finds and determines that adoption of the attached Debt Management Policy (the “Debt Management Policy”) will help ensure that debt is issued and managed prudently in order to maintain sound fiscal policy, and is intended to also satisfy the requirements of SB 1029 and the CDIAC Requirements; and

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY** the Arcata Fire Protection District Board of Directors that:

**Section 1. Recitals and Findings.** The Board hereby specifically finds and declares that all of the facts in the Recitals of this Resolution are true and correct.

**Section 2. Adoption of Debt Management Policy.** The Board hereby finds and declares that the proposed Debt Management Policy attached as Exhibit “A” hereto, is hereby approved as the official Arcata Fire Protection District Debt Management Policy to be effective September 14, 2021.

**Section 3. Authorized Official Actions.** The President, Fire Chief, Board Clerk/Secretary and all other officers of the District are hereby authorized and directed, jointly and severally, to do any and all things to effectuate the

purposes of this Resolution and to implement and administer the Debt Management Policy.

Section 4. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the Arcata Fire Protection District by the following polled vote:

Ayes:

Nays:

Abstain:

Absent:

**DATED:** September 14, 2021

Signed:

---

Nicole Johnson, President

Attest:

---

Becky Schuette, Board Clerk/Secretary

**EXHIBIT A**

---

**DEBT MANAGEMENT POLICY**

---

**ARCATA FIRE PROTECTION DISTRICT**

**Adopted by the Board of Directors of the  
Arcata Fire Protection District**

**Pursuant to Resolution No. 21- 245**

**September 14, 2021**

# ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY

## Section 1: Policy

This Debt Management Policy sets forth debt management objectives for the Arcata Fire Protection District (the “District”), and any other entity for which the Board of Directors of the District (the “Board”) acts as legislative body, and the term “District” shall refer to each of such entities, and the term “Board” shall refer to the governing boards of each such entity.

This Debt Management Policy establishes general parameters for issuing and administering debt. Recognizing that cost-effective access to the capital markets depends on prudent management of debt incurred by the District (or any of its controlled entities), the Board has adopted this Debt Management Policy by resolution.

This Debt Management Policy is intended to comply with California Government Code Section 8855(i).

## Section 2: Scope

The guidelines established by this policy will govern the issuance and management of all debt funded for long-term capital financing needs and not for general operating functions. When used in this policy, “debt” refers to all forms of indebtedness, including bonds, notes, loans, certificates of participation, installment sale agreements and lease obligations.

The District recognizes that changes in the capital markets and other unforeseen circumstances may require action that deviates from this Debt Management Policy. In cases that require exceptions to this Debt Management Policy, approval from the Board will be necessary for implementation.

## Section 3: Objectives

The purpose of this Debt Management Policy is to assist the District in pursuit of the following equally important objectives, while providing full and complete financial disclosure and ensuring compliance with applicable state and federal laws:

- Minimize debt service and issuance costs
- Maintain access to cost effective borrowing
- Preserve financial flexibility while assuring public transparency
- Achieve the highest practical credit rating
- Ensure full and timely repayment of debt
- Maintain full and complete financial disclosure and reporting
- Ensure compliance with debt covenants
- Ensure compliance with applicable state and federal laws

**Budget Integration** – The decision to incur new indebtedness should be integrated with the policy decisions embedded in the Board-adopted budget (the “Budget”). Annual debt service payments shall be included in the Budget.

The District will integrate its debt issuances with the goals of its Capital Improvement and Equipment Purchasing Programs by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District’s public purposes. The District will seek to issue debt in a timely manner to reduce unplanned expenditures for capital improvements or equipment from its operational account.



## **ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY**

**Biennial Review** – Recognizing that cost-effective access to the capital market depends on prudent management of the District’s debt program, a biennial review of this Debt Management Policy should be performed. This Debt Management Policy will be included as an Appendix in the annual Budget adopted by Board. Any substantive changes to this Debt Management Policy shall be brought to the Board for consideration and approval.

### **Section 4: Delegation of Authority**

This Debt Management Policy grants the Board the authority to direct the Financing Team to coordinate the administration and issuance of debt, communicate with the rating agencies, and fulfill all of the pre-issuance and post-issuance requirements imposed by or related to state law, federal tax law and federal securities law.

**Financing Team Definitions and Roles** – The Financing Team is the working group of District Board and staff and outside consultants necessary to complete a debt issuance proposal for presentation to the Arcata Fire Protection District Board, including, but not limited to, bond counsel, disclosure counsel, underwriter, municipal advisor, trustee, pricing consultant and/or arbitrage analyst.

Typically, the Fire Chief or their designees forms the District staff portion of the Financing Team.

**Consultant Selection** –The District will consider the professional qualifications and experience of consultants as it relates to the specific bond issue or other financing under consideration. In certain instances, the District will conduct a request for proposal/qualification process to select such consultants. The Board may, however, decide to select such consultants without having to undertake a request for proposal/qualification process, on an as-needed basis.

### **Section 5: Policies**

#### **A. Purposes for which Debt may be Issued**

1. **Long-Term Debt.** Long-term debt may be issued to finance or refinance pension liabilities, the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and operated by the District.
  - a. Long-term debt financings are appropriate when the following conditions exist:
    - When the project to be financed is necessary to provide basic services.
    - When the project to be financed will provide benefit to constituents over multiple years.
    - When total debt does not constitute an unreasonable burden to the District and its taxpayers and/or ratepayers, as applicable.
    - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
  - b. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
  - c. The District may use long-term debt financings subject to the following conditions:
    - The project to be financed must be approved by the Board.

## ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY

- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%.
- The District estimates that sufficient revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable state and federal law.

**2. Short-Term Debt.** Short-term debt may be issued to provide financing for the District’s operational cash flows in order to maintain a steady and even cash flow balance. Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment.

### **B. Methods of Financing**

The Board in cooperation with District staff will investigate all possible financing alternatives including, but not limited to, bonds, notes, loans, certificates of participation, installment sale agreements, lease obligations, state bond pools, and grants, which may be structured and consummated under any of the below described methods of financing.

**1. Cash Funding.** The District funds a portion of capital improvements from reserves accumulated from one-time revenues, which have been set aside for investment in the District’s infrastructure.

**2. Bank Loans / Lines of Credit.** The District will evaluate lines of credit as a possible method of financing.

**3. Other Loans.** The District will evaluate other financing programs, including but not limited to federal “loans” from the United States Department of Agriculture.

**4. Bond Financing.** The District may issue any bonds which are allowed under federal and state law including but not limited to general obligation bonds, certificates of participation, revenue bonds, land-secured (assessment and special tax) bonds, pension obligation bonds, refunding bonds and other obligations (see below for detail).

- ***General Obligation Bonds.*** General Obligation Bonds (GO Bonds) may only be issued with two-thirds approval of the District’s registered voters. The California State Constitution (Article XVI, Section 18) limits the use of the proceeds from GO Bonds to “the acquisition or improvement of real property.”
- ***Lease Revenue Bonds, Certificates of Participation (COPs) and Lease-Purchase Transactions.*** Lease financings may take a variety of forms, including certificates of participation, lease revenue bonds and direct leases (typically for equipment). When the District finances acquisition or construction of capital improvements or equipment with a lease financing, the District agrees to lease either the financed asset or a different asset and, most commonly, the District’s lease payments are securitized in the form of certificates of participation or lease revenue bonds. This type of financing requires approval of Board.

## ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY

- **Revenue Bonds.** Revenue Bonds are generally issued by the District for enterprise funds that are financially self-sustaining without the use of taxes and therefore rely on the revenues collected by the enterprise fund to repay the debt. This type of financing requires approval of Board.
- **Assessment Bonds.** The Improvement Bond Act of 1915 (Streets and Highways Code Section 8500 et seq.) and other state laws, subject to Article XIID of the California Constitution, allow the District to issue bonds to finance improvements that provide “specific benefit” to the assessed real property. Installments are collected on the secured property tax roll of the County. This type of financing is secured by the lien upon and assessments paid by the real property owners and does not obligate the District’s general fund or other funds. This type of financing requires approval of Board.
- **Special Tax Bonds.** Under the Mello-Roos Community Facilities Act of 1982, the District may issue bonds on behalf of a Community Facilities District (CFD) to finance capital facilities, most commonly in connection with new development. These bonds must be approved by a two-thirds vote of the qualified electors in the CFD, which the Mello-Roos Act defines to mean registered voters if there are 12 or more registered voters in the CFD and, if there are fewer than 12 registered voters, the landowners in the CFD. Bonds issued by the District under the Mello-Roos Act are secured by a special tax on the real property within the CFD. Board will approve any special tax bonds prior to placement on a ballot for voter consideration. The financed facilities do not need to be physically located within the CFD. As this type of financing is secured by the special tax lien upon the real property it does not obligate the District’s general fund or other funds.
- **Refunding Obligations.** Pursuant to the Government Code and various other financing statutes applicable in specific situations, the Board is authorized to provide for the issuance of bonds for the purpose of refunding any long-term obligation of the District. Absent any significant non-economic factors, a refunding is required to meet the following test: 1) the refunding must produce a minimum net debt service savings (net of reserve fund earnings and other offsets, and taking transaction costs into account) of at least 3% of the par value of the refunded bonds on a net present value basis, using the refunding issue’s True Interest Cost (TIC) as the discount rate, unless the Board determines that a lower savings percentage is acceptable for issues or maturities with short maturity dates, and 2) the final maturity of the original bonds cannot be extended unless expressly determined otherwise by the Board. Additionally, the Board may determine that there are other, compelling “non-economic” reasons (i.e. removal of onerous covenants, terms or conditions).
- **Other Obligations.** There may be special circumstances when other forms of debt are appropriate and may be evaluated on a case-by-case basis. Such other forms include, but are not limited to: bond anticipation notes, grant anticipation notes, lease revenue bonds, pension obligation bonds, etc.

# ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY

## Section 6: Structure and Term

**Term of Debt** – Debt will be structured for the shortest period possible, consistent with a fair allocation of costs to current and future users. The standard term of long-term debt borrowing is typically 5-40 years.

Consistent with its philosophy of keeping its capital facilities and infrastructure systems in good condition and maximizing a capital asset's useful life, the District will make every effort to set aside sufficient current revenues to finance ongoing maintenance needs and to provide reserves for periodic replacement and renewal. Generally, no debt will be issued for a period exceeding the useful life or average useful lives of projects to be financed.

**Debt Repayment Structure** – In structuring a bond issue, the District will manage the amortization of the debt and, to the extent possible, match its cash flow to the anticipated debt service payments. In addition, the District will seek to structure debt with aggregate level debt service payments over the life of the debt. Structures with unlevel debt service will be considered when one or more of the following exist:

- Such structuring is beneficial to the District's aggregate overall debt payment schedule.
- Such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

**Bond Maturity Options** – For each issuance, the District will select serial bonds or term bonds, or both.

**Interest Rate Structure** – The District currently issues securities on a fixed interest rate basis only. Fixed rate securities ensure budget certainty through the life of the issue and avoid the volatility of variable rates. The use of variable rate securities may be issued if authorized by the Board on a case-by-case basis.

**Credit Enhancement** – Credit enhancement may be used to improve or establish a credit rating on a District debt obligation. Types of credit enhancement include letters of credit, bond insurance and surety policies. The Board will recommend the use of a credit enhancement if it reduces the overall cost of the proposed financing or if the use of such credit enhancement furthers the District's overall financial objectives.

**Debt Service Reserve Fund** – Debt service reserve funds are typically held by a Trustee to make principal and interest payments to bondholders in the event the pledged revenues are insufficient to do so. The District will fund debt service reserve funds when it is in the District's overall best financial interest. The District may decide not to utilize a reserve fund if the Board, in consultation with Bond Counsel and municipal advisor, determines there would be no adverse impact to the District's relevant existing legal provisions, credit rating and/or interest rates.

Per Internal Revenue Service rules, the maximum size of the reserve fund on tax-exempt bond issuance is the lesser of

- 10% of the initial principal amount of the debt;
- 125% of average annual debt service; or
- 100% of maximum annual debt service.

In lieu of holding a cash funded reserve, the District may substitute a surety bond or other credit instrument in its place. The decision to cash fund a reserve fund rather than to use a credit facility is dependent upon the cost of the credit instrument and the investment opportunities.

## **ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY**

**Call Options / Redemption Provisions** – A call option or optional redemption provision gives the District the right to prepay or retire debt prior to its stated maturity date. This option may permit the District to achieve interest savings in the future through the refunding of the bonds. Often the District will pay a higher interest rate as compensation to the buyer for the risk of having the bond called in the future. In addition, if a bond is called, the holder may be entitled to a premium payment (call premium). Because the cost of call options can vary depending on market conditions, an evaluation of factors will be conducted in connection with each issuance. The Board shall evaluate and recommend the use of a call option on a case-by-case basis.

### **Section 7: Method of Issuance and Sale; Disclosure**

Debt issues are sold to a single underwriter or to an underwriting syndicate, either through a competitive sale or a negotiated sale. A negotiated sale may involve the sale of securities to investors through an underwriter or the private placement of the securities with a financial institution or other sophisticated investor. The selected method of sale will be that which is most beneficial to the District in terms of lowest net interest rate, most favorable terms in financial structure, and market conditions. The Board will review conditions in conjunction with information and advice presented by the District's Financing Team.

**Competitive Sales of Bonds** – In a competitive sale, the terms of the debt will be defined by the District and the District's finance team, and the price of the debt will be established through a bidding process amongst impartial underwriters and/or underwriting syndicates. The issue is awarded to the underwriter judged to have submitted the best bid that offers the lowest true interest cost taking into account underwriting spread, interest rates and any discounts or premiums.

**Negotiated Sale of Bonds** – A method for sale for bonds, notes, or other financing vehicles in which the District selects in advance, based upon proposals received or by other means, one or more underwriters to work with it in structuring, marketing and finally offering an issue to investors. The negotiated sale method is often used when the issue is: a first-time sale by an issuer (a new credit), a complex security structure, such as variable rate transaction, an unusually large issue, or in a highly volatile or congested market where flexibility as to bond sale timing is important.

**Private Placement** – A private placement is a variation of a negotiated sale in which the District, usually with the help of a placement agent will attempt to place the entire new issue directly with a single investor. The investor will negotiate the specific terms and conditions of the financing before agreeing to purchase the issue. Private placements are generally undertaken because the transaction is complex or unique, requiring direct negotiations with the investor, or because the issue is small or of a shorter duration and a direct offering provides economies of scale, lower interest costs and reduced continuing disclosure.

**Derivative Products** – Because of their complexity, unless otherwise amended, Derivative Products such as interest rate swaps, interest floaters, and other hybrid securities are prohibited by this Debt Management Policy.

**Initial Disclosure Requirements** – The District acknowledges its disclosure responsibilities. Under the guidance of Disclosure Counsel, the District will distribute or cause an underwriter to distribute its Preliminary Official Statement and final Official Statement (neither is typically required in a private placement, although in some cases a "private placement memorandum" may be required by the investor).

The Financing Team shall be responsible for soliciting "material" information (as defined in Securities and Exchange Board Rule 10b-5) and identifying contributors who may have information necessary to prepare portions of the Official

## ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY

Statement or who should review portions of the Official Statement. In doing so, the Financing Team shall confirm that the Official Statement accurately states all “material” information relating to the decision to buy or sell the subject bonds and that all information in the Official Statement has been critically reviewed by an appropriate person.

In connection with an initial offering of securities, the District and other members of the Financing Team will:

- Identify material information that should be disclosed in the Official Statement;
- Identify other persons that may have material information (contributors);
- Review and approve the Official Statement; and
- Ensure the District’s compliance, and that of its related entities, with federal and state security laws, including notification to the California Debt and Investment Advisory Board (“CDIAC”) of the proposed debt issue no later than 30 days prior to the sale of any debt issue, and submission of a final report of the issuance to the CDIAC by any method approved by the CDIAC.

The Financing Team shall critically evaluate the Official Statement for accuracy and compliance with federal and state securities laws. The approval of an Official Statement shall be placed on the Board agenda, and shall not be considered as a Consent Calendar item. The staff report will summarize the Board’s responsibilities with respect to the Official Statement and provide the Board the opportunity to review a substantially final Official Statement. The Board shall undertake such review as deemed necessary by the Board to fulfill the Board’s securities law responsibilities.<sup>1</sup>

For any privately placed debt with no Official Statement, the final staff report describing the issue and such other documents will be provided to the Board for approval.

### Section 8: Creditworthiness Objectives

Ratings are a reflection of the general fiscal soundness of the District and the capabilities of its management. Typically, the higher the credit ratings are, the lower the interest cost is on the District’s debt issues. To enhance creditworthiness, the District is committed to prudent financial management, systematic capital planning, and long-term financial planning; however, the District also recognizes that external economic, natural, or other events may, from time to time, affect the creditworthiness of its debt.

The most familiar nationally recognized bond rating agencies are Standard and Poor’s, Moody’s Investors Service, and Fitch Ratings. When issuing a credit rating, rating agencies consider various factors, including, but not limited to:

- District’s fiscal status;
- District’s general management capabilities;
- Economic conditions that may impact the stability and reliability of debt repayment sources;
- District’s general reserve levels;

---

<sup>1</sup> The Securities and Exchange Board (the SEC), the agency with regulatory authority over the District’s compliance with the federal securities laws, has issued guidance as to the duties of the Board with respect to its approval of the POS. In its “Report of Investigation in the Matter of County of Orange, California as it Relates to the Conduct of the Members of the Board of Supervisors” (Release No. 36761 / January 24, 1996) (the “Release”), the SEC stated that, if a member of the Board has knowledge of any facts or circumstances that an investor would want to know about prior to investing in the bonds, whether relating to their repayment, tax-exempt status, undisclosed conflicts of interest with interested parties, or otherwise, he or she should endeavor to discover whether such factors are adequately disclosed in the Official Statement. In the Release, the SEC stated that the steps that a member of the Board would take include becoming familiar with the POS and questioning staff and consultants about the disclosure of such facts.



## **ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY**

- District’s debt history and current debt structure;
- Project(s) being financed; and
- Covenants and conditions in the governing legal documents.

**Bond Ratings** – The Financing Team will assess whether a credit rating should be obtained for an issuance. The District typically seeks a rating from at least one nationally recognized rating agency on new and refunded issues being sold in the public market. The Fire Chief, working with the Financing Team, shall be responsible for determining which of the major rating agencies the District shall request provide a rating. When applying for a rating on an issue, the District and Financing Team shall prepare a presentation for the rating agency when the District determines that a presentation is in the best interests of the District.

**Rating Agency Communications** – The Board is responsible for maintaining relationships with the rating agencies that assign ratings to the District’s various debt obligations. This effort shall include providing the rating agencies with the District’s financial statements, if applicable, as well as any additional information requested.

### **Section 9: Post Issuance Administration**

**Notification to the CDIAC** – The District shall work with Bond Counsel to submit a report of final sale to the CDIAC by any method approved by the CDIAC. The report shall include the information required by CDIAC.

**Investment of Proceeds** – The Board shall direct investment of bond proceeds and reserve funds in accordance with each issue’s indenture or trust agreement, utilizing competitive bidding when appropriate. All investments will be made in compliance with the District’s investment policy objectives of safety, liquidity and then yield. The investment of bond proceeds and reserve funds shall comply with federal tax law requirements specified in the indenture or trust agreement and the tax certificate. Whenever reasonably possible, unexpended bond proceeds and reserve fund monies shall be held by the bank trustee. The trustee will be responsible for recording all investments and transactions relating to the proceeds and providing monthly statements regarding the investments and transactions.

**Use of Bond Proceeds** – The Board is responsible for ensuring debt proceeds are spent for the intended purposes identified in the related legal documents and that the proceeds are spent in the time frames identified in the tax certificate prepared by Bond Counsel. When required, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds; however, to the extent allowable, the District’s preference is to not use third-party trustees in order to avoid this added expense. The District will submit a requisition only after obtaining the signature of the Financial Officer. In those cases where it is not reasonably possible for the proceeds of debt to be held by a third-party trustee, the District shall retain records of all expenditures of proceeds through the final payment date for the debt.

**Continuing Disclosure** – When required by Securities Exchange Board Rule 15c2–12(b)(5) (the “Rule”) the Financial Officer or designee will ensure the District’s annual financial statements and associated reports are posted on the District’s web site, and will also comply with the Rule by filing its annual financial statements, other financial and operating data and notices of enumerated events for the benefit of its bondholders on the Electronic Municipal Market Access (EMMA) website of the Municipal Securities Rulemaking Board (MSRB). The District shall submit an annual report to the CDIAC in compliance with the requirements of Government Code Section 8855 and related regulations.

## **ARCATA FIRE PROTECTION DISTRICT DEBT MANAGEMENT POLICY**

**Arbitrage Rebate Compliance and Reporting** – The use and investment of bond proceeds must be monitored to ensure compliance with arbitrage restrictions. Existing regulations require that issuers calculate rebate liabilities related to any bond issues, with rebates paid to the Federal Government every five years and as otherwise required by applicable provisions of the Internal Revenue Code and regulations. The Financial Officer shall contract with a specialist to ensure that proceeds and investments are tracked in a manner that facilitates accurate complete calculations, and if necessary timely rebate payments.

**Compliance with Other Bond Covenants** – In addition to financial disclosure and arbitrage, the Financial Officer is also responsible for verifying compliance with all undertakings, covenants, and agreements of each bond issuance on an ongoing basis. This typically includes ensuring:

- Annual appropriation of revenues to meet debt service payments;
- Taxes/fees are levied and collected where applicable;
- Timely transfer of debt service payments to the trustee;
- Compliance with insurance requirements;
- Compliance with rate covenants; and
- Post-issuance procedures established in the tax certificate for any tax-exempt debt.

**Retention** – A copy of all relevant documents and records will be maintained by the District for the term of any bonds issued (including refunding bonds, if any), plus 10 years. Relevant documents and records will include sufficient documentation to support the requirements relating to the tax-exempt status.

**Investor Relations** – While the District shall post its annual financial report as well as other financial reports on the District’s website, this information is intended for the citizens of the District. Information that the District intends to reach the investing public, including bondholders, rating analysts, investment advisors, or any other members of the investment community shall be filed on the EMMA system.

**Additional requirements for financial statements** – It is the District’s policy to hire an auditing firm that has the technical skills and resources to properly perform an annual audit of the District’s financial statements. More specifically, the firm shall be a recognized expert in the accounting rules applicable to the District and shall have the resources necessary to review the District’s financial statements on a timely basis.

### **Section 10: Training**

To the extent that the District has outstanding debt subject to the Rule, the Board shall (i) ensure that the members of the District staff involved in the continuing disclosure process and the Board are properly trained to understand and perform their responsibilities, and (ii) arrange for disclosure training sessions conducted by the District’s Disclosure Counsel. Such training sessions shall include education on the applicable federal and state securities laws and the disclosure responsibilities and potential liabilities of members of the District’s staff and members of the Board.



**Date:** September 14, 2021  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief & Cameron Weist, Bond Counsel  
**Subject:** Consider Approval of Resolution 21-246 Refinancing a Portion of the District's Outstanding CalPERS Unfunded Liability and Authorizing the Form of Financing Documents in Connection Therewith

---

**DISCUSSION:**

The District currently has a contract (the "Contract") with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for all full-time miscellaneous employees (Miscellaneous Plan) and safety employees (Safety Plan). As part of the Contract, the District is obligated to pay any corresponding unfunded accrued actuarial liability (UAL). This is the amount by which CalPERS is short of the amount that will be necessary, without further payments from the District, to pay benefits already earned by current and former employees covered by CalPERS. Based upon calculations provided by CalPERS, as of the 6/30/2020 valuation date, the estimated UAL payoff balance as of CalPERS's valuation date of June 30, 2020, for employees covered under the District's (i) "classic" Miscellaneous Plan is \$67,348, (ii) "classic" Safety Plan is \$5,398,090, (iii) Second Tier Safety Plan is \$26,246, and (iv) PEPRSA Safety Plan is \$12,010 (collectively, the "Outstanding UAL Obligation")

On June 8, 2021, the Board adopted a resolution setting forth its preliminary intention to proceed with the financing (hereafter called "Financing") of a portion Outstanding UAL Obligation balances set forth above (the "UAL Prepayment"), the effect of which will be to (i) bring the funded status of these plans to approximately 92% funded, (ii) enhance budget predictability by "smoothing" out the UAL payment structure over the next 15-20 years (i.e., minimize the effects of fiscal peaks and valleys that prove problematic for annual budgets), and (iii) provide near-term cash flow savings to the District.

In order to arrange for the Financing, the District proposes to enter into a Financing Agreement with XYZ (to be decided by the Board) Bank (the "Bank"), dated as of September 1, 2021, by and between the Bank and the District (the "Financing Agreement"), pursuant to which the Bank agrees to purchase the District's Series 2021 Taxable Revenue Obligations, as evidenced by a Promissory Note, dated the date of closing (the "Note," and collectively, the "2021 Obligations"), the proceeds of which will be used to make the UAL Prepayment on the Outstanding UAL Obligation.

**BID SOLICITATION PROCESS**

Based upon the Board's direction to assess the Refinancing opportunity on a private placement basis, staff, with the assistance of Bond Counsel and Municipal Advisor, issued a "Request for Terms/Bids" (the "Bid Solicitation") to several targeted financial institutions requesting proposals (the "Proposals") to provide Financing for the 2021 Obligations on a privately placed basis. Staff has received the Proposals and is bringing the matter to the Board for discussion and direction as to whether to proceed, and if so, which bank presented the best Proposal.

## SUMMARY OF THE REFINANCING OPPORTUNITY

If the Board chooses to pursue this opportunity, and correspondingly adopts the subject Resolutions, staff, with the aid of the financing team, will work with the Bank to close the transaction at first possible opportunity, with the present target closing date being October 7, 2021. The interest rate will thereafter be locked-in at the corresponding pertinent interest rate (depending on which Bank is chosen) for the 15 or 20-year duration (depending on the direction of the Board) of the new 2021 Obligations.

Refinancing the UAL with the 2021 Obligations will result in shortening the repayment period of the Outstanding UAL Obligation to either 15 or 20 years, which, combined with the lower interest rate, is projected to result in total cash flow savings to the District as shown in the attached PowerPoint Presentation.

## SUMMARY OF THE FINANCING DOCUMENTS

Resolution No. 21-246 authorizes and approves the form of all the foundational legal documents (the "Financing Documents") necessary to provide for the successful consummation of the 2021 Obligations. The Financing Documents needed to complete this financing are each briefly described as follows:

1. Financing Agreement: This is an agreement between the District and the Bank, which sets forth the covenants and specifics of the 2021 Obligations, including the District's promise to make future semi-annual debt service payments, the establishment and management of funds and accounts, the District's duties, repayment mechanisms and the Bank's rights and remedies in the event of default. The Financing Agreement also requires the District to maintain Net Revenues (which is all revenues of the respective District's operations, less corresponding operation and maintenance expenses) in excess of 110% total annual debt service on all outstanding obligations of the District, including the 2021 Obligations and any new parity debt issued in the future.
2. Payment Instructions: These are irrevocable instructions pursuant to which the proceeds of the 2021 Obligations will be sent to CalPERS and used exclusively for the purpose of prepaying the UAL Prepayment.

In addition to approving the form of the Financing Documents, Resolution No. 21-246 also authorizes the President, Finance Chief and the financing team to work with the Bank, and ultimately provide for the execution and consummation of the transaction.

## HIGHLIGHTS OF OPPORTUNITY:

- Reduces the interest rate paid on pension debt to maximize overall cash flow savings to District and taxpayers
- Creates a "smoother" and more predictable payment shape to minimize impact on rate payers, improve budget predictability and enhance future fiscal sustainability
- Amortizes new Financing Obligation over period of 20 years
- Increases the funded level of the Pension Plans from approximately 69% to approximately 101% if next year's discount rate is dropped to 6.8% and approximately 95% if next year's discount rate is dropped to 6.5%
- Savings are net of all costs

## FINANCIAL CONSIDERATIONS

Because the consultants have agreed to work on a fully contingent basis, there are minimal cost implications to the District. Any costs would be related to staff time spent on administrative tasks associated with the restructuring process. There is, however,

interest cost savings anticipated to the District and its taxpayers as a result of the Financing.

**RECOMMENDATION:**

Staff recommends the Board consider the information provided, take public comment, discuss and Adopt Resolution 21-246 Approving the Form and Authorizing the Execution and Delivery of Certain Financing Documents in Connection with the Refinancing of a Portion of the District's Outstanding Unfunded Actuarial Accrued Liability to the California Public Employees' Retirement System, and Providing for Other Matters Properly Relating Thereto.

**FINANCIAL IMPACT:**

- No Impact/Not Applicable
- Funding Source Confirmed:
- Other:

**ALTERNATIVES:**

The Board has the following alternatives:

1. Take no action
2. With direction, refer the topic back to staff for further consideration

**ATTACHMENTS:**

- Attachment 1 – Summary of Proposals Received
- Attachment 2 – Resolution 21-246
- Attachment 3 – Financing Agreement
- Attachment 4 – Payment Instructions
- Attachment 5 – PowerPoint Presentation

SEE REVISED VERSION

**Date:** September 14, 2021  
**To:** Board of Directors, Arcata Fire District  
**From:** Justin McDonald, Fire Chief & Cameron Weist, Bond Counsel  
**Subject:** Consider Approval of Resolution 21-246 Refinancing a Portion of the District's Outstanding CalPERS Unfunded Liability and Authorizing the Form of Financing Documents in Connection Therewith

---

**DISCUSSION:**

The District currently has a contract (the "Contract") with the California Public Employees Retirement System (CalPERS) to provide retirement benefits for all full-time miscellaneous employees (Miscellaneous Plan) and safety employees (Safety Plan). As part of the Contract, the District is obligated to pay any corresponding unfunded accrued actuarial liability (UAL). This is the amount by which CalPERS is short of the amount that will be necessary, without further payments from the District, to pay benefits already earned by current and former employees covered by CalPERS. Based upon calculations provided by CalPERS, as of the 6/30/2020 valuation date, the estimated UAL payoff balance as of CalPERS's valuation date of June 30, 2020, for employees covered under the District's (i) "classic" Miscellaneous Plan is \$67,348, (ii) "classic" Safety Plan is \$5,398,090, (iii) Second Tier Safety Plan is \$26,246, and (iv) PEPRSA Safety Plan is \$12,010 (collectively, the "Outstanding UAL Obligation")

On June 8, 2021, the Board ~~adopted a resolution appointed California Municipal Advisors LLC as Municipal Advisor and Weist Law LLP as Bond Counsel and Disclosure Counsel in connection with the UAL Refinancing for the District. At the August 10, 2021 Regular Board Meeting, the Board~~ setting forth its preliminary intention to proceed with the private placement financing (hereafter called "Financing") of a portion Outstanding UAL Obligation balances set forth above (the "UAL Prepayment"), the effect of which will be to (i) bring the funded status of these plans to approximately 92% funded, (ii) enhance budget predictability by "smoothing" out the UAL payment structure over the next 15-20 years (i.e., minimize the effects of fiscal peaks and valleys that prove problematic for annual budgets), and (iii) provide near-term cash flow savings to the District.

In order to arrange for the Financing, the District proposes to enter into a Financing Agreement with XYZ (to be decided by the Board) Bank (the "Bank"), dated as of September 1, 2021, by and between the Bank and the District (the "Financing Agreement"), pursuant to which the Bank agrees to purchase the District's Series 2021 Taxable Revenue Obligations, as evidenced by a Promissory Note, dated the date of closing (the "Note," and collectively, the "2021 Obligations"), the proceeds of which will be used to make the UAL Prepayment on the Outstanding UAL Obligation.

**BID SOLICITATION PROCESS**

Based upon the Board's direction to assess the Refinancing opportunity on a private placement basis, staff, with the assistance of Bond Counsel and Municipal Advisor, issued a "Request for Terms/Bids" (the "Bid Solicitation") to several targeted financial institutions requesting proposals (the "Proposals") to provide Financing for the 2021 Obligations on a privately placed basis. Staff has received the Proposals and is bringing

the matter to the Board for discussion and direction as to whether to proceed, and if so, which bank presented the best Proposal.

### **SUMMARY OF THE REFINANCING OPPORTUNITY**

If the Board chooses to pursue this opportunity, and correspondingly adopts the subject Resolutions, staff, with the aid of the financing team, will work with the Bank to close the transaction at first possible opportunity, with the present target closing date being October 7, 2021. The interest rate will thereafter be locked-in at the corresponding pertinent interest rate (depending on which Bank is chosen) for the 15 or 20-year duration (depending on the direction of the Board) of the new 2021 Obligations.

Refinancing the UAL with the 2021 Obligations will result in shortening the repayment period of the Outstanding UAL Obligation to either 15 or 20 years, which, combined with the lower interest rate, is projected to result in total cash flow savings to the District as shown in the attached PowerPoint Presentation.

### **SUMMARY OF THE FINANCING DOCUMENTS**

Resolution No. 21-246 authorizes and approves the form of all the foundational legal documents (the "Financing Documents") necessary to provide for the successful consummation of the 2021 Obligations. The Financing Documents needed to complete this financing are each briefly described as follows:

1. Financing Agreement: This is an agreement between the District and the Bank, which sets forth the covenants and specifics of the 2021 Obligations, including the District's promise to make future semi-annual debt service payments, the establishment and management of funds and accounts, the District's duties, repayment mechanisms and the Bank's rights and remedies in the event of default. The Financing Agreement also requires the District to maintain Net Revenues (which is all revenues of the respective District's operations, less corresponding operation and maintenance expenses) in excess of 110% total annual debt service on all outstanding obligations of the District, including the 2021 Obligations and any new parity debt issued in the future.
2. Payment Instructions: These are irrevocable instructions pursuant to which the proceeds of the 2021 Obligations will be sent to CalPERS and used exclusively for the purpose of prepaying the UAL Prepayment.

In addition to approving the form of the Financing Documents, Resolution No. 21-246 also authorizes the President, Fire Chief and the financing team to work with the Bank, and ultimately provide for the execution and consummation of the transaction.

### **HIGHLIGHTS OF OPPORTUNITY:**

- Reduces the interest rate paid on pension debt to maximize overall cash flow savings to District and taxpayers
- Creates a "smoother" and more predictable payment shape to minimize impact on rate payers, improve budget predictability and enhance future fiscal sustainability
- Amortizes new Financing Obligation over period of 20 years
- Increases the funded level of the Pension Plans from approximately 69% to approximately 101% if next year's discount rate is dropped to 6.8% and approximately 95% if next year's discount rate is dropped to 6.5%
- Savings are net of all costs

### **FINANCIAL CONSIDERATIONS**

Because the consultants have agreed to work on a fully contingent basis, there are minimal cost implications to the District. Any costs would be related to staff time spent on administrative tasks associated with the restructuring process. There is, however, interest cost savings anticipated to the District and its taxpayers as a result of the Financing.

**RECOMMENDATION:**

Staff recommends the Board consider the information provided, take public comment, discuss and Adopt Resolution 21-246 Approving the Form and Authorizing the Execution and Delivery of Certain Financing Documents in Connection with the Refinancing of a Portion of the District's Outstanding Unfunded Actuarial Accrued Liability to the California Public Employees' Retirement System, and Providing for Other Matters Properly Relating Thereto.

**FINANCIAL IMPACT:**

- No Impact/Not Applicable
- Funding Source Confirmed:
- Other:

**ALTERNATIVES:**

The Board has the following alternatives:

1. Take no action
2. With direction, refer the topic back to staff for further consideration

**ATTACHMENTS:**

- Attachment 1 – Summary of Proposals Received
- Attachment 2 – Resolution 21-246
- Attachment 3 – Financing Agreement
- Attachment 4 – Payment Instructions
- Attachment 5 – PowerPoint Presentation



**Arcata Fire Protection District  
2021 Taxable CALPERS UAL Refunding Loan  
Summary of Proposals Received  
September 02, 2021**

	<u>Sterling National Bank</u>		<u>Capital One Public Financing</u>		<u>Umpqua Bank</u>		<u>First Foundation Bank</u>	
<b>Interest Rate</b>	15-year 2.740%	20-year NO BID	15-year 3.290%	20-year 3.700%	15-year 3.000%	20-year 3.340%	15-year 3.500%	20-year 3.700%
<b>Rate Lock Terms</b>	Up to 60 days		Until 09/30/2021		None noted		Up to 60 days	
<b>Numerical Analysis</b>	<b>15-Year Term</b> Max Par Amount \$5,595,000 Interest Rate 2.740% Avg FY Debt Service* \$459,639 Avg FY Savings* \$122,595 Total Savings* \$3,064,885		<b>15-Year Term</b> \$5,595,000 3.290% \$477,030 \$112,161 \$2,804,020		<b>15-Year Term</b> \$5,595,000 3.000% \$467,860 \$117,663 \$2,941,567		<b>15-Year Term</b> \$5,595,000 3.500% \$483,670 \$108,177 \$2,704,417	
<b>Prepayment Terms</b>	Years 1-3 at 102% Years 4-7 at 101% Year 8 and thereafter at 100%		No call until 08/01/2029 Then in whole or part on any interest payment date		Years 1-4 at 103% Years 5-7 at 102% Years 8-10 at 101% Year 11 and thereafter at 100%		Years 1-2 at 103% Years 3-4 at 102% Years 5-6 at 101% Year 7 and thereafter at 100%	
<b>Costs</b>	N/A		N/A		\$10,000		\$10,000	
<b>Bank Counsel</b>	N/A		N/A		N/A		N/A	
<b>Additional Notes</b>	Rate Covenant: 1.10X		N/A		Rate Covenant: 1.10X		Rate covenant: 1.25X	
<b>Numerical Analysis</b>	<b>20-Year Term</b> Max Par Amount \$5,595,000 Interest Rate 3.700% Avg FY Debt Service* \$399,403 Avg FY Savings* \$78,857 Total Savings* \$1,971,418		<b>20-Year Term</b> \$5,595,000 3.700% \$399,403 \$78,857 \$1,971,418		<b>20-Year Term</b> \$5,595,000 3.340% \$387,761 \$88,170 \$2,204,255		<b>20-Year Term</b> \$5,595,000 3.700% \$399,403 \$78,857 \$1,971,418	
<b>Prepayment Terms</b>	NO BID		No call until 08/01/2031 Then in whole or part on any interest payment date		Years 1-4 at 103% Years 5-7 at 102% Years 8-10 at 101% Year 11 and thereafter at 100%		Years 1-2 at 103% Years 3-4 at 102% Years 5-6 at 101% Year 7 and thereafter at 100%	
<b>Costs</b>	N/A		N/A		\$10,000		\$10,000	
<b>Bank Counsel</b>	N/A		N/A		N/A		N/A	
<b>Additional Notes</b>	Rate Covenant: 1.10X		Rate Covenant: 1.10X		Rate Covenant: 1.10X		Rate Covenant: 1.25X	

\* Preliminary Debt Service and Savings assumptions assume that the District will finance the full \$5,595,000 and the amortization schedule will not be adjusted.



## Resolution Number: 21-246

### A RESOLUTION OF THE ARCATA FIRE PROTECTION DISTRICT BOARD OF DIRECTORS APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF CERTAIN FINANCING DOCUMENTS IN CONNECTION WITH THE REFINANCING PART OR ALL OF THE DISTRICT'S OUTSTANDING UNFUNDED ACCRUED LIABILITY TO THE CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

**WHEREAS**, the Arcata Fire Protection District (the "District") is a contracting member of the California Public Employees' Retirement System ("CalPERS"), and is obligated by law to make certain payments to CalPERS in respect of retired miscellaneous and safety employees (the "Pension Plans"); and

**WHEREAS**, the District is legally obligated under the Pension Plans to pay any unfunded accrued liability (the "UAL"), which is the amount by which CalPERS is short of the amount that will be necessary, without further payments from the District, to pay benefits already earned by current and former employees covered by CalPERS; and

**WHEREAS**, **WHEREAS**, the estimated UAL payoff balance as of CalPER's valuation date of June 30, 2020, for employees covered under the District's (i) "classic" Miscellaneous Plan is \$67,348, (ii) "classic" Safety Plan is \$5,398,090, (iii) Second Tier Safety Plan is \$26,246, and (iv) PEPRA Safety Plan is \$12,010 (collectively, the "Outstanding UAL Obligation"); and

**WHEREAS**, the Board of Directors (the "Board"), after due investigation and deliberation, has determined that it is in the public interests of the District at this time to undertake municipal bond financing in order to provide for the prepayment of the entire balance of the Outstanding UAL Obligation (the "Financing"); and

**WHEREAS**, for the purpose of providing for the Financing, the District proposes to enter into a Financing Agreement with \_\_\_\_\_ Bank (the "Bank"), dated as of September 1, 2021, by and between the Bank and the District (the "Financing Agreement"), pursuant to which the Bank agrees to purchase the District's Series 2021 Taxable Revenue Obligations, as evidenced by a Promissory Note, dated the date of closing (the "Note," and collectively, the "2021 Obligations"); and

**WHEREAS**, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "Government Code"), commencing with Section 53570 of said Code (the "Bond Law"), to enter into Financing Agreement for the purpose of refinancing certain outstanding obligations of the District, including the Outstanding UAL Obligation; and

**WHEREAS**, to properly transact the Financing, it is now appropriate and necessary for the District to approve the form of Irrevocable Payment Instructions (the "Payment Instructions"), dated as of September 1, 2021, pursuant to which the Bank will



irrevocably wire transfer a designated portion of the Obligation Proceeds directly to CalPERS to prepay a definitive portion of the Outstanding UAL Obligation in accordance with the specific terms of the Payment Instructions; and

**WHEREAS**, the Board, with the aid of its staff, has reviewed the form of the Financing Agreement and the Payment Instructions, the forms of which are on file with the Secretary to the Board, and the Board wishes at this time to approve the foregoing documents (collectively, the "Financing Documents") as being within the public interests of the District; and

**WHEREAS**, pursuant to Government Code Section 5852.1, certain good faith information relating to the 2021 Obligations is set forth herein and made public; and

**WHEREAS**, the Board wishes at this time to authorize all proceedings relating to the Financing as well as the execution and delivery of Financing Documents and all other agreements and documents relating thereto; and

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

**NOW, THEREFORE, BE IT RESOLVED AND ORDERED BY** the Arcata Fire Protection District Board of Directors that:

**Section 1. Recitals.** The Board hereby specifically finds and declares that each of the statements, findings and determinations of the District set forth in the recitals set forth above are true and correct.

**Section 2. Authorized Representatives.** The President, Fire Chief, Board Clerk/Secretary and any other person authorized by the Fire Chief to act on behalf of the District shall each be an "Authorized Representative" of the District for the purposes of structuring and providing for the execution and delivery of the 2021 Obligations, and are hereby authorized, jointly and severally, for and in the name of and on behalf of the District, to execute and deliver any and all documents and certificates that may be required to be executed in connection with the issuance, sale and delivery of the 2021 Obligations (including, but not limited to, the documents referenced in this Resolution, and any other documentation required or necessary in connection therewith, which are sometimes hereafter referred as the "Financing Documents"), and to do any and all things and take any and all actions which may be necessary or advisable, in their discretion, to effectuate the actions which the Board has approved in this Resolution and said Financing Documents.

**Section 3. Approval of the 2021 Obligations; Significant Public Benefits.** The Board hereby approves the issuance of the 2021 Obligations. The Board hereby finds and determines that the execution and consummation of the 2021 Obligations is expected to result in significant public benefits to the District and its taxpayers.

**Section 4. Approval of Financing Agreement.** The Board hereby authorizes and approves the Financing Agreement in substantially the form on file with the Board Clerk/Secretary together with any additions thereto or changes therein (including, but not limited to, the final aggregate principal amount of the 2021 Obligations and the corresponding final debt service payment schedule) deemed necessary or advisable by an Authorized Representative of the District. Each Authorized Representative, acting singly, is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Financing Agreement in substantially said form, with such changes therein as the Authorized Representative executing the same may approve (such approval to be conclusively evidenced by such Authorized Representative's execution and delivery thereof). The Board hereby authorizes the delivery and performance of the Financing Agreement.

**Section 5. Approval of Payment Instructions.** The Board hereby authorizes and approves the Payment Instructions in substantially the form on file with the Board Clerk/Secretary together with any additions thereto or changes therein (including, but not limited to, the exact portion of the Outstanding UAL Obligation being refinanced) deemed necessary or advisable by an Authorized Representative of the District. Each Authorized Representative, acting singly, is hereby authorized and directed, for and in the name and on behalf of the District, to execute and deliver the Payment Instructions in substantially said form, with such changes therein as the Authorized Representative executing the same may approve (such approval to be conclusively evidenced by such Authorized Representative's execution and delivery thereof). The Board hereby authorizes the delivery and performance of the Payment Instructions.

**Section 6. Good Faith Estimates.** Set forth below are good faith estimates of the Placement Agent or Municipal Advisor, as required under Section 5852.1 of the Government Code. The following estimates have no bearing on, and should not be misconstrued as, any not-to-exceed financial parameters authorized by this resolution.

- (a) The true interest cost of the 2021 Obligations is estimated at \_\_\_\_%, calculated as provided in Section 5852.1(a)(1)(A) of the Government Code.
- (b) The finance charge of the 2021 Obligations, including all fees and charges paid to third parties, is estimated at \$\_\_\_\_\_.
- (c) Proceeds of the 2021 Obligations received by the District of \$\_\_\_\_\_, less the finance charge set forth in (b) above, is equal to \$\_\_\_\_\_.
- (d) The total payment amount calculated as provided in Section 5852.1(a)(1)(D) of the Government Code is estimated at \$\_\_\_\_\_.

**Section 7. Taxable Bond Act.** The Board hereby determines that interest payable pursuant to the Financing Agreement will be subject to federal income taxation, and that the provisions of Section 5900 et seq. of the California Government Code (the "Taxable Bond Act") apply to the 2021 Obligations. The District may take any action and exercise any power

permitted to be taken by it under the Taxable Bond Act in connection with the execution and delivery of the 2021 Obligations.

**Section 8. Confirmation and Direction to Proceed with the Financing.** All actions heretofore taken by the officers and agents of the District with respect to the Financing are hereby approved, confirmed and ratified. The Authorized Representatives and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents which they or any of them might deem necessary or appropriate in order to consummate any of the actions and transactions contemplated by this Resolution and the Financing Documents. Whenever any officer of the District is authorized to execute or countersign any document or take any action contemplated by this Resolution and the Financing Documents, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

**Section 9. Effective Date.** This Resolution shall take effect from and after the date of its passage and adoption.

**ADOPTED, SIGNED AND APPROVED** at a duly called meeting of the Board of Directors of the Arcata Fire Protection District by the following polled vote:

Ayes:

Nays:

Abstain:

Absent:

**DATED:** September 14, 2021

Signed:

\_\_\_\_\_  
Nicole Johnson, President

Attest:

\_\_\_\_\_  
Becky Schuette, Board Clerk/Secretary

**SERIES 2021 FINANCING AGREEMENT**

Dated as of October 1, 2021

By and Between

**ARCATA FIRE PROTECTION DISTRICT**

And

\_\_\_\_ **BANK,**

Providing for the

\$ \_\_\_\_\_  
**ARCATA FIRE PROTECTION DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

---

---

## TABLE OF CONTENTS

Page

### ARTICLE I DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY

Section 1.1. Definitions.....	2
Section 1.2. Benefits of Financing Agreement Limited to Parties .....	12
Section 1.3. Successor Is Deemed Included in all References to Predecessor .....	12
Section 1.4. Waiver of Personal Liability.....	13
Section 1.5. Article and Section Headings, Gender and References .....	13
Section 1.6. Partial Invalidity.....	13

### ARTICLE II COVENANTS, REPRESENTATIONS AND WARRANTIES

Section 2.1. Covenants, Representations and Warranties of the District.....	13
Section 2.2. Covenants, Representations and Warranties of the Bank .....	18

### ARTICLE III TERMS OF THE 2021 OBLIGATIONS

Section 3.1. Obligation Proceeds.....	18
Section 3.2. Deposit and Application of Obligation Proceeds.....	18
Section 3.3. Term of the 2021 Obligations .....	18
Section 3.4. Optional Prepayment .....	19
Section 3.5. Prepayment Upon Casualty Loss or Governmental Taking .....	19
Section 3.6. Execution of the Financing Agreement .....	19
Section 3.7. Assignment by the Bank .....	19
Section 3.8. Closing Conditions .....	20
Section 3.9. Application of Costs of Issuance Set-Aside Funds.....	22
Section 3.10. Obligations Register.....	22
Section 3.11. No CUSIP Numbers; No Rating; No DTC; No Offering Document.....	23

### ARTICLE IV SECURITY

Section 4.1. Pledge of Gross and Net Revenues.....	23
Section 4.2. Repayment of the Obligations .....	24
Section 4.3. Gross Revenues; Flow of Funds .....	24
Section 4.4. No Preference or Priority .....	25
Section 4.5. Special Obligation of the District; Obligations Absolute .....	26

### ARTICLE V COVENANTS OF THE DISTRICT

Section 5.1. Operation and Maintenance of the District.....	26
Section 5.2. Against Sale or Other Disposition of Property .....	26
Section 5.3. Rates, Fees, and Charges .....	27
Section 5.4. Collection of Rates and Charges.....	28
Section 5.5. Competitive Facilities .....	28
Section 5.6. Insurance.....	28

**TABLE OF CONTENTS (Cont.)**

	<u>Page</u>
Section 5.7. Eminent Domain .....	29
Section 5.8. Additional Information .....	30
Section 5.9. Compliance with Law and Contracts .....	30
Section 5.10. Punctual Payment.....	30
Section 5.11. No Ratings; No Registration; No Reoffering or Reissuance .....	30
Section 5.12. Protection of Security and Rights of the Bank.....	30
Section 5.13. Parity Debt .....	30
Section 5.14. Against Encumbrances.....	32
Section 5.15. Further Assurances.....	32
Section 5.16. Financial Reports .....	33
Section 5.17. Observance of Laws and Regulations.....	33
Section 5.18. Budget.....	33
Section 5.19. Notices .....	33

ARTICLE VI  
EVENTS OF DEFAULT AND REMEDIES

Section 6.1. Events of Default and Remedies.....	34
Section 6.2. Application of Funds Upon Acceleration .....	35
Section 6.3. Other Remedies of the Bank .....	36
Section 6.4. Non-Waiver.....	36
Section 6.5. Remedies Not Exclusive .....	36

ARTICLE VI  
NOTICES

Section 7.1. Notices .....	37
----------------------------	----

ARTICLE VIII  
AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE

Section 8.1. Amendments Permitted.....	37
Section 8.2. Discharge of Financing Agreement .....	37
Section 8.3. General Authorization.....	38
Section 8.4. Binding Effect.....	38
Section 8.5. Severability .....	38
Section 8.6. Further Assurances and Corrective Instruments .....	38
Section 8.7. Applicable Law .....	38
Section 8.8. Captions .....	39
Section 8.9. Expenses .....	39
Section 8.10. Agreement to Pay Attorneys' Fees and Expenses .....	39
Section 8.11. Sovereign Immunity.....	39
Section 8.12. Judicial Reference.....	39
Section 8.13. Execution in Counterparts.....	40

APPENDICES

EXHIBIT A Obligation Payment Schedule.....	A-1
--	-----

**TABLE OF CONTENTS (Cont.)**

	<u>Page</u>
EXHIBIT B Form of Purchaser Letter .....	B-1
EXHIBIT C Form of Promissory Note.....	C-1
EXHIBIT D Form of Requisition to Pay Costs of Issuance .....	D-1
EXHIBIT E Form of Certificate of Annual Debt Service Coverage Compliance .....	E-1

## SERIES 2021 FINANCING AGREEMENT

This SERIES 2021 FINANCING AGREEMENT, (including any permitted amendments or supplements, this “Financing Agreement”), dated for convenience as of October 1, 2021, is by and between \_\_\_\_ BANK, a \_\_\_\_\_ (including its successors and assigns, the “Bank”), and the ARCATA FIRE PROTECTION DISTRICT, a fire protection district duly organized and validly existing under the Constitution and laws of the State of California (the “District”);

### W I T N E S S E T H:

**WHEREAS**, the District is a member of the California Public Employees’ Retirement System (“CalPERS”), an agent multiple employer public employees retirement program that acts as a common investment and administrative agent for participating entities within the State of California, and as such, the District is obligated by the Public Employees’ Retirement Law, constituting Part 3 of Division 5 of Title 2 of the California Government Code (the “Retirement Law”), and the contract between the Board of Administration of CalPERS and the Board of Directors of the District (the “CalPERS Contract”), as amended, to make contributions to CalPERS to (a) fund pension benefits for its employees who are members of CalPERS, (b) amortize a portion of the unfunded accrued liability (the “UAL”) with respect to such pension benefits, and (c) appropriate funds for the purposes of paying for the pension benefits and such UAL; and

**WHEREAS**, the District has determined that it is in the interests of the District at this time to provide for the execution and delivery of its “Arcata Fire Protection District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project),” as evidenced by a Promissory Note, dated October 1, 2021 (the “Note,” and collectively, the “2021 Obligations”), the proceeds of which will be used to (i) fund a portion of the District’s UAL to CalPERS for the benefit of the District’s employees, and (ii) pay certain costs of issuance in association therewith, and to that end the Bank has agreed to enter into this Financing Agreement; and

**WHEREAS**, the principal of and interest and redemption premium (if any) on the 2021 Obligations, and any bonds or other obligations issued on a parity therewith as provided herein, will be payable from and secured by a pledge of and lien on the Gross Revenues (as defined herein) derived from District operations, as expressly set forth in this Financing Agreement; and

**WHEREAS**, in order to provide for the execution and delivery of this Financing Agreement, to establish and declare the terms and conditions upon which the 2021 Obligations are to be made and secured, and to secure the payment of the principal thereof, premium (if any) and interest on the 2021 Obligations, the District has authorized the execution and delivery of this Financing Agreement; and

**WHEREAS**, the District is authorized under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 of said Code (the “Bond Law”), to refund obligations of the District, including outstanding obligations evidenced by the CalPERS Contract; and



**WHEREAS**, this Financing Agreement also constitutes a secured promissory note for District's repayment of the 2021 Obligations, in the form set forth in Exhibit C hereto; and

**WHEREAS**, all things necessary to purchase the 2021 Obligations when issued, executed and delivered, the valid and binding obligation of the District, and to constitute this Financing Agreement as a valid pledge of the revenues herein pledged to the payment of the principal of, prepayment premium, if any, and interest on the 2021 Obligations have been done and performed, as required by law, and the District is now fully authorized to enter into this Financing Agreement, subject to the terms hereof; and

**NOW, THEREFORE, THIS FINANCING AGREEMENT WITNESSETH**, that in order to secure the payment of the principal of and the interest and premium (if any) on the 2021 Obligations at any time outstanding under this Financing Agreement, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2021 Obligations is premised, and in consideration of the premises and of the mutual covenants herein contained and of the purchasing of the 2021 Obligations by the Bank, and for other valuable considerations, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree, for the benefit of the Bank from time to time of the 2021 Obligations, as follows:

## **ARTICLE I**

### **DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICABILITY**

**Section 1.1. 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.

**"Accreted Value"** means, with respect to any capital appreciation obligation, the principal amount thereof plus the interest accrued thereon, compounded at the approximate interest rate thereon on each date specified therein. The Accreted Value of any capital appreciation obligation at any date shall be the amounts set forth in the accreted value table for the capital appreciation obligation as of such date, if such date is a compounding date, and if not, as of the immediately preceding compounding date.

**"Additional Revenues"** means, with respect to the issuance of any Parity Debt, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the District to be made with the proceeds of such Parity Debt and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of the latest Fiscal Year for which audited financial statements are available or any 12 consecutive calendar month period (selected by the District) during the 18 consecutive calendar month period ending immediately

prior to the issuance, incurrence or creation of such additional Parity Debt, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36 month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of an Independent Engineer or an Independent Certified Public Accountant retained by the District and reasonably satisfactory to the Bank.

(ii) An allowance for Net Revenues arising from any increase in taxes, assessments or charges made for service from the District which has become effective prior to the incurring of such Parity Debt but which, during all or any part of the latest Fiscal Year or such 12 month period for which audited financial statements are available or any 12 consecutive calendar month period (selected by the District) during the 18 consecutive calendar month period ending immediately prior to the issuance, incurrence or creation of such additional Parity Debt, was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12 month period, all as shown by the certificate or opinion of an Independent Consultant or an Independent Certified Public Accountant employed by the District.

“Assignee” means any entity to whom the rights of the Bank shall be lawfully assigned hereunder.

“Authorized Representative” means the District’s President, Fire Chief, Secretary, or any other person designated as an Authorized Representative of the District by a Certificate of the District signed by its President or Fire Chief and filed with the Bank.

“Balloon Indebtedness” means, with respect to the 2021 Obligations or Parity Debt, twenty-five percent (25%) or more of the principal or other similar amount of which matures or becomes due on the same date or within a 12-month period (with mandatory sinking fund payments deemed to be payments of matured principal), that portion of the principal or other similar amount of the 2021 Obligations or Parity Debt which matures or becomes due on such date or within such 12 month period.

“Bank” means (a) initially, \_\_\_\_ Bank, a \_\_\_\_\_, or (b) any Assignee of Bank’s right, title or interest in this Financing Agreement and other amounts due hereunder. Whenever in this Financing Agreement any reference is made to the Bank and such reference concerns rights which the Bank has assigned to the Assignee, such reference shall be deemed to refer to the Assignee.

“Board” or “Board of Directors” means the Board of Directors of the District.

“Bond Counsel” means Weist Law LLP, or any other attorney or firm of attorneys acceptable to the District of nationally recognized expertise with respect to legal matters relating to municipal obligations.

“Bond Law” means Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with section 53570 thereof.

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

“CalPERS” or “PERS” means the California State Public Employees’ Retirement System.

“CalPERS Contract” means the contract between the Board of Administration of CalPERS and the Board of Directors of the District, as amended from time to time, obligating the District to make contributions to CalPERS in exchange for CalPERS providing retirement benefits to certain District employees.

“Certificate,” “Request” and “Requisition” of the District means a written certificate, request or requisition signed in the name of the District 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.

“Closing Date” means the date on which the District receives the Obligation Proceeds from the Bank.

“Code” means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code herein shall be deemed to include the United States Treasury regulations, including temporary and proposed regulations relating to each such section that are applicable to the Parity Debt or the use of the proceeds thereof.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the District relating to the execution and delivery of this 2021 Obligations, including but not limited to District administration costs and expenses, fees and expenses of consultants and professionals, fees and expenses of the municipal advisor and any placement agents, legal fees and charges (including legal fees of the Bank’s counsel), regulatory fees, including, but not limited to, fees charged by the California Debt and Investment Advisory Commission, and fees for execution, transportation and safekeeping of this Financing Agreement and the 2021 Obligations, and all other charges and fees in connection with the foregoing.

“Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.9 hereof.

“County” means the County of Calaveras, California.

“Debt Service” when used with respect to the 2021 Obligations and Parity Debt, means, for any period, the sum of (1) the interest payable during such period on the 2021 Obligations and Parity Debt, (2) the principal or mandatory sinking fund payments to be paid with respect to the 2021 Obligations and Parity Debt during such period, and (3) any other scheduled payments coming due on the 2021 Obligations and outstanding Parity Debt in such period and not otherwise included in clauses (1) and (2) of this definition, all of which are to be computed on the assumption that no portion of the 2021 Obligations or Parity Debt shall cease to be outstanding during such period except by reason of the application of scheduled payments; provided that, for purposes of such computation:

(a) unless a different subsection of this definition applies for purposes of determining maturities or amortization, in determining the amount due in any period, payment shall be assumed to be made in accordance with any amortization schedule established for the 2021 Obligations or Parity Debt, including any mandatory sinking fund payments or any scheduled redemption or payment of Parity Debt on the basis of Accreted Value, and for such purpose, the redemption payment or payment of Accreted Value shall be deemed a principal payment and interest that is compounded and paid as Accreted Value shall be deemed due on the scheduled redemption or payment date and any contingencies that may result in a request for earlier payment shall be disregarded;

(b) Balloon Indebtedness may, at the option of the District, be treated as if it were to be amortized with substantially level debt service over a term of up to 25 years (which period shall be designated by the District), from the date of calculation, and the interest rate used for such computation shall be assumed by the District to be equal to (i) the interest rate in effect for such Balloon Indebtedness on the date of calculation, if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are fixed for at least 12 months from the date such interest rates are determined or (ii) if the interest rate determination method in effect for such Balloon Indebtedness on the date of calculation provides for interest rates that are not fixed for at least 12 months from the date such interest rates are determined, the rate of interest used to calculate Debt Service shall be determined as described in clause (c);

(c) if any Parity Debt bear, or if any Parity Debt proposed to be issued, incurred or created will bear, interest at a variable interest rate, the rate of interest used to calculate Debt Service shall, for all purposes, be assumed to bear interest at a fixed rate equal to the higher of (i) the then current variable interest rate borne by such Parity Debt plus 1%; and (ii) the highest variable rate borne over 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;

(d) if any Parity Debt feature an option, on the part of the owners or a requirement under the terms of such Parity Debt, to tender all or a portion of such Parity Debt to the District, or other fiduciary or agent, and to purchase such Parity Debt or portion thereof if properly presented, then for purposes of determining the amounts due in any period with respect to such Parity Debt, the options or obligations of the owners of such Parity Debt to tender the same for purchase or payment shall be ignored;

(e) payments on the 2021 Obligations and Parity Debt shall be excluded to the extent such payments are to be paid from amounts on deposit with a trustee or other fiduciary in escrow specifically therefor, and interest payments shall be excluded to the extent that such interest payments are (1) to be paid from the proceeds of the 2021 Obligations or Parity Debt, including any investment earnings thereon, held by a trustee or other fiduciary as capitalized interest specifically to pay such interest or (2) paid or expected to be paid from Subsidy Payments;

(f) with respect to 2021 Obligations or Parity Debt for which a reserve fund is in place, the calculation of Debt Service for such 2021 Obligations or Parity Debt for any period shall be

reduced by the amount of investment earnings on amounts on deposit in such reserve fund used or expected to be used to pay Debt Service on such 2021 Obligations or Parity Debt during such period, as estimated by the District; and

(g) with respect to 2021 Obligations or Parity Debt for which a reserve fund is in place, the amount on deposit in such reserve fund on any date of calculation of Debt Service shall be deducted from the amount due on the final maturity or due date of such 2021 Obligations or Parity Debt if such amount on deposit in such reserve fund would be released at such maturity or due date and, to the extent the amount on deposit in such reserve fund is in excess of the amount due on the final maturity or due date of such 2021 Obligations or Parity Debt, such excess shall be applied to the full amount due on each preceding payment date for such 2021 Obligations or Parity Debt, in inverse order, until such amount on deposit in such reserve fund is exhausted.

“Debt Service Coverage Requirement” or “DSC Requirement” means for any Fiscal Year, or other period of time for which such calculation is made, that Net Revenues for such Fiscal Year, or other period of calculation, must be at least equal to one hundred ten percent (110%) of Maximum Annual Debt Service.

“Default Rate” means the then applicable interest rate on the 2021 Obligations plus .00%, but not exceed maximum percentage legally allowed by law.

“District” means the Arcata Fire Protection District, a fire protection district duly organized and validly existing under the Constitution and laws of the State.

“Enterprise” means, collectively, the entire fire and emergency services system of the District, including but not limited to all facilities, properties and improvements at any time owned, controlled or operated by the District for the fire suppression, emergency medical services, administration, technical rescue, hazardous materials mitigation, public education, fire investigation, and fire prevention services provided to property and residents of the District and corresponding service areas, and any necessary lands, equipment, rights, entitlements and other property useful in connection therewith, together with all extensions thereof and improvements thereto at any time acquired, leased, constructed or installed by the District.

“Environmental Regulation” means any federal, state or local law, statute, code, ordinance, regulation, requirement or rule relating to dangerous, toxic or hazardous pollutants, Hazardous Substances, chemical waste, materials or substances.

“Equipment Lease” means an equipment lease or installment sale agreement whereby the District leases/acquires equipment.

“Event of Default” means an event of default described in Section 6.1 hereof.

“Federal Securities” means: (a) any direct 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), for which the full faith and credit of the United States of America are pledged; and (b) obligations of any agency, department or instrumentality of the United States of America, the timely payment of principal and interest on which are fully,

unconditionally and directly or indirectly secured or guaranteed by the full faith and credit of the United States of America.

“Financing Agreement” means this Financing Agreement, dated as of October 1, 2021, between the Bank and the District, and any permitted amendments or supplements hereto.

“Fire Chief” means the Fire Chief of the District.

“Fiscal Year” means the twelve calendar month period terminating on June 30 of each year, or any other annual accounting period hereafter selected and designated by the District as its Fiscal Year in accordance with applicable law.

“General Fund” means the fund by that name established by the District and maintained pursuant to Section 4.3 hereof.

“Generally Accepted Accounting Principles” or “GAAP” means the generally accepted accounting principles as presented and recommended by the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

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

“Gross Revenues” means for any Fiscal Year or other period, all legally available moneys, fees, rates, receipts, rentals, charges and income received for, received by or derived from, the District, the operation of the Enterprise or any of its lands or facilities or any other source whatsoever, including without limitation ad valorem property tax revenues and other special and general tax revenues, assessments, gifts, bequests, grants, devises, contributions, moneys received from the operation of the District’s business or the possession of its properties, insurance proceeds or condemnation awards, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of the same whether now owned or held or hereafter coming into being, but excluding (i) gifts, grants, devises, bequests and contributions designated by the maker to a specific purpose inconsistent with their use for the payment of principal of, premium, if any, and interest on the 2021 Obligations or for the payment of Operation and Maintenance Costs, (ii) any unrealized gains and losses on investments of the District, and (iii) any income for which the District has a contractual or statutory obligation to pay to other Persons (for example, without limitation, amounts collected by the District in its capacity as agent for others, and sales taxes, use taxes and other taxes collected by the District but required to be paid to the relevant collection authorities).

“Hazardous Substances” means (a) any oil, flammable substance, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other wastes,



materials or pollutants which (i) pose a hazard to the Project or to persons on or about the Project or (ii) cause the Project to be in violation of any Environmental Regulation; (b) asbestos in any form which is or could become friable, urea formaldehyde foam insulation, transformers or other equipment which contain dielectric fluid containing levels of polychlorinated biphenyls, or radon gas; (c) any chemical, material or substance defined as or included in the definition of “waste,” “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous waste,” “restricted hazardous waste,” or “toxic substances” or words of similar import under any Environmental Regulation including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”), 42 USC §§ 9601 et seq.; the Resource Conservation and Recovery Act (“RCRA”), 42 USC §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 USC §§ 1801 et seq.; the Federal Water Pollution Control Act, 33 USC §§ 1251 et seq.; the California Hazardous Waste Control Law (“HWCL”), Cal. Health & Safety §§ 25100 et seq.; the Hazardous Substance Account Act (“HSAA”), Cal. Health & Safety Code §§ 25300 et seq.; the Underground Storage of Hazardous Substances Act, Cal. Health & Safety §§ 25280 et seq.; the Porter-Cologne Water Quality Control Act (the “Porter-Cologne Act”), Cal. Water Code §§ 13000 et seq., the Safe Drinking Water and Toxic Enforcement Act of 1986 (Proposition 65); and Title 22 of the California Code of Regulations, Division 4, Chapter 30; (d) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or agency or may or could pose a hazard to the health and safety of the occupants of any District facilities or the owners and/or occupants of property adjacent to or surrounding any District facilities, or any other person coming upon any District facilities or adjacent property; or (e) any other chemical, materials or substance which may or could pose a hazard to the environment.

“Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District that is independent according to the Statement of Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

“Independent Engineer” means any registered engineer or firm of engineers generally recognized to be well-qualified in engineering matters relating to the subject matter at issue, appointed and paid by the District, and who or each of whom:

- (1) is in fact independent and not under the domination of the District;
- (2) does not have a substantial financial interest, direct or indirect, in the District; and
- (3) is not connected with the District as a board member, officer or employee of the District, but may be regularly retained to make reports to the District.

“Independent Consultant” means a consultant or firm of consultants qualified in matters relating to the subject matter at issue, appointed and paid by the District, and who:

- (1) is in fact independent and not under the domination of the District or any member thereof;
- (2) does not have a substantial financial interest, direct or indirect, in the operations of the District; and

(3) is not connected with the District as an officer or employee of the District or any member thereof, but may be regularly retained to audit the accounting records of and make reports thereon to the District.

“Insurance Consultant” means any nationally recognized independent actuary, insurance company or broker that has actuarial personnel knowledgeable with respect to insurance carried, by, required for and available to special districts operating facilities similar to the District, including a pooled self-insurance program in which premiums are established on the basis of the recommendation of an actuary of national reputation.

“Interest Account” means the account by that name in the General Fund established pursuant to Section 4.3 hereof.

“Interest Component” means the portion of each Obligation Payment designated as Interest Component, as such is set forth on Exhibit A hereto.

“Interest Rate” means the rate of interest to be paid on the 2021 Obligations which is X% per annum.

“Material Adverse Effect” means an event or occurrence which adversely affects in a material manner (a) the assets, liabilities, condition (financial or otherwise), business, facilities or operations of the District, (b) the ability of the District to carry out its business in the manner conducted as of the date of this Financing Agreement or to meet or perform its obligations under this Financing Agreement on a timely basis, or the (c) the validity or enforceability of this Financing Agreement.

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

“Maximum Annual Debt Service” means the greatest amount of Debt Service with respect to the 2021 Obligations and any Parity Debt to which reference is made coming due in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year.

“Miscellaneous Plan” means the obligation of the District to make payments pursuant to the CalPERS Contract with respect to certain of the District’s miscellaneous employees.

“Net Proceeds” means, when used with respect to any condemnation award or any insurance proceeds received with respect to District facilities, the amount of such respective condemnation award or insurance proceeds remaining after payment of all expenses (including reasonable attorneys’ fees) incurred in the collection of such award or proceeds.



“Net Revenues” means, for any period, all of the Gross Revenues received by the District during such period minus the amount required to pay all Operation and Maintenance Costs of the District which are payable during such period.

“Note” means the Promissory Note issued by the District hereunder on October \_\_, 2021, in the original principal amount of \$ \_\_\_\_\_, evidencing the obligations of the District under this Financing Agreement, in the form attached hereto as Exhibit C.

“2021 Obligations” means the Arcata Fire Protection District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project), secured by this Financing Agreement, as evidenced by the Note.

“Obligation Payments” means the scheduled 2021 Obligation Payments set forth on Exhibit A hereto.

“Obligation Payment Date” or “Payment Date” means February 1 and August 1 of each year, commencing August 1, 2022, and continuing to and including the date on which the Obligation Payments have been paid in full; provided that if any Obligation Payment Date shall fall on a non-Business Day, the Obligation Payment Date shall be the next succeeding Business Day and interest on such payment shall accrue to and including such next succeeding Business Day.

“Obligation Proceeds” means the \$ \_\_\_\_\_ amount received by the District from the Bank on the Closing Date.

“Operation and Maintenance Costs” means all reasonable and necessary current expenses of the District, including pension and post-retirement healthcare expenses, paid or accrued, of operating the District, calculated in accordance with GAAP and not expected to be reimbursed to the District within one year after the date of incurrence; but for clarity of this definition, Operation and Maintenance Costs do not include depreciation, amortization, and interest paid on the 2021 Obligations or any Parity Debt or Subordinate Debt.

“Opinion of Counsel” means a written opinion of Weist Law LLP or such other counsel of recognized national standing in the field of law relating to municipal bonds retained by the District.

“Outstanding” means all 2021 Obligations theretofore issued by the District, except:

(1) 2021 Obligations theretofore canceled or surrendered for cancellation in accordance hereof;

(2) 2021 Obligations for the payment or redemption of which moneys shall have been deposited in trust (whether upon or prior to the maturity or the redemption date of such Obligations), provided that, if such Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in this Financing Agreement; and

(3) 2021 Obligations paid or defeased pursuant to Sections 8.2 hereof.

“Parity Debt” means any bonds, notes, leases, installment sale agreements, financing agreements, contracts or other obligations of the District which are secured by a pledge of and lien upon any of the Gross Revenues and which are payable from the Net Revenues on a parity with the Obligation Payments, entered into or issued under and in accordance with Section 5.13 hereof.

“Parity Debt Documents” means, collectively, the indenture of trust, trust agreement, installment sale agreement, loan agreement, financing agreement or other document authorizing the issuance of any Parity Debt or any securities which establishes or evidence Parity Debt.

“Parity Payments” means all payments scheduled to be paid by the District under Parity Debt Documents.

“Payment Instructions” means the written irrevocable payment instructions dated as of July 1, 2021, given by the District to the Bank relating to the wire transfer of Obligation Proceeds, and the corresponding prepayment of a definitive portion of the UAL.

“PEPRA” means the Public Employees’ Pension Reform Act.

“PEPRA Safety Plan” means the obligation of the District to make payments pursuant to the CalPERS Contract with respect to the District’s public safety employees under its corresponding PEPRA plan.

“Person” means an individual, corporation, firm, association, limited liability company, corporation, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

“President” means the President of the Board of Directors of the District.

“Principal Account” means the account by that name in the General Fund established pursuant to Section 4.3 hereof.

“Principal Component” means the principal component(s) of any of the Obligation Payments, as such is set forth in Exhibit A hereto.

“Prior Obligations” means [tbd]

“Project” or “CalPERS UAL Prepayment Project” means the portion of the District’s UAL financed by the 2021 Obligations.

“Rate Stabilization Fund” means the fund by that name established and maintained pursuant to Section 5.3(e) hereof, or any subsequent rate stabilization fund established by the District that is intended to serve as the Rate Stabilization Fund under Section 5.3(e) hereof.

“Request of the District” or “Written Request” means a request in writing signed by the District’s President, Fire Chief or Secretary, or by any other officer of the District duly authorized by the Fire Chief for that purpose.

“Resolution” means the Resolution No. 2021-\_\_ adopted by the Board of Directors on September 14, 2021, authorizing the execution and delivery of this Financing Agreement, and otherwise providing for the execution and delivery of the 2021 Obligations.

“Safety Plan” means the obligation of the District to make payments pursuant to the CalPERS Contract with respect to the District’s public safety employees.

“Secretary” means the Secretary of the District.

“State” means the State of California.

“Subordinate Annual Debt Service” means, for any Fiscal Year or twelve (12) calendar month period, the Subordinate Payments required to be made under all Subordinate Debt in such Fiscal Year or twelve (12) calendar month period.

“Subordinate Debt” means indebtedness or other obligations (including but not limited to loans, leases and installment sale agreements, bonds or contracts) hereafter issued or incurred in compliance with Section 5.13 hereof and secured by a pledge of and lien on Gross Revenues subordinate to the pledge and lien securing the Obligation Payments.

“Subordinate Debt Service Coverage Requirement” means for any Fiscal Year, or other period of time for which such calculation is made, that Net Revenues for such Fiscal Year, or other period of calculation, must be at least equal to one hundred one percent (101%) of Maximum Annual Debt Service for such period of calculation.

“Subordinate Payments” means all installment, lease or loan payments scheduled to be paid by the District under all respective agreements relating to the issuance of any Subordinate Debt.

“Term” or “Term of this Financing Agreement” means the time during which this Financing Agreement is in effect, as provided in Section 3.3 hereof.

“UAL Obligation” means the portion of UAL being financed with the proceeds of the 2021 Obligations.

**Section 1.2. Benefits of Financing Agreement Limited to Parties.** Nothing contained herein, expressed or implied, is intended to give to any person other than the District and the Bank any right, remedy or claim under or pursuant hereto. Any agreement or covenant required herein to be performed by or on behalf of the District shall be for the sole and exclusive benefit of the Bank.

**Section 1.3. Successor is Deemed Included in all References to Predecessor.** Whenever the District 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, and all agreements and covenants required hereby to be performed by or on behalf of the District shall bind and inure to the benefit of the successors thereof whether so expressed or not.

**Section 1.4. Waiver of Personal Liability.** No member of the Board and no officer, agent, or employee of the District, or of any department or agency thereof, shall be individually or

personally liable for the payment of the principal of or interest on the 2021 Obligations, but nothing contained herein shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law or hereby.

**Section 1.5. 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. 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 Financing Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

**Section 1.6. 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 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 or the 2021 Obligations; but the Bank shall retain all the rights and benefits accorded to it under any applicable provisions of law. The District hereby declares that it would have adopted this Financing 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.

## ARTICLE II

### COVENANTS, REPRESENTATIONS AND WARRANTIES

**Section 2.1. Representations of the District.** The District makes the following representations:

- (a) The District is a fire protection district duly organized and validly existing under the Constitution and laws of the State.
- (b) The District has full legal right, power and authority under the laws of the State to adopt the Resolution and to enter into this Financing Agreement and the Note and the transactions contemplated herein, and to carry out its obligations hereunder and thereunder.
- (c) With the exception of any pledges made under the Prior Obligations, neither the Gross Revenues nor the Net Revenues have otherwise been pledged and there are no other liens against the Gross Revenues or Net Revenues, senior to, or on parity with the Obligation Payments.
- (d) By all necessary official action, the District has duly adopted the Resolution, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, this Financing Agreement, the Payment Instructions and the Note and the

consummation by it of all other transactions contemplated by this Financing Agreement, the Note, the Payment Instructions and the Resolution. When executed and delivered by the District, this Financing Agreement, the Note, the Payment Instructions and the 2021 Obligations will be in full force and effect and will constitute legal, valid and binding agreements or obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

- (e) No consent or approval of any trustee or holder of any indebtedness of the District or of the voters of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority is necessary in connection with the execution and delivery of this Financing Agreement or the Note or the consummation of any transaction herein and therein contemplated, except as have been obtained or made and as are in full force and effect.
- (f) The District's audited financial statements for the period ended June 30, 2020, present fairly the financial condition of the District as of the date hereof and the results of operation for the period covered thereby. Except as has been disclosed to the Bank, there has been no change in the financial condition of the District since June 30, 2020, that will in the reasonable opinion of the District materially impair its ability to perform its obligations under this Financing Agreement. All information provided by the District to the Bank with respect to the financial performance of the District is accurate in all material respects as of its respective date and does not omit any information necessary to make the information provided not misleading.
- (g) As currently conducted, the District's activities are in all material respects in compliance with all applicable laws, administrative regulations of the State of California and of the United States and any agency or instrumentality of either, and any judgment or decree to which the District is subject.
- (h) As long as the 2021 Obligations are outstanding, the District will notify the Bank or its designee, within 30 days, following the date of an event that (i) could cause a default on any obligation of the District, (ii) might reasonably be anticipated to cause a Material Adverse Effect, (iii) might reasonably be anticipated to result in Material Litigation, and (iv) could have a negative material impact on the financial condition of the District.
- (i) The District is not in any material respect in breach of or default under any constitutional provision, law or administrative regulation of the State or of the United States or any agency or instrumentality of either or any judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject (including, without limitation, the Prior Obligations, the Resolution, the Payment Instructions, the Note and this Financing Agreement), and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; and the adoption of the Resolution, the execution and delivery of the

2021 Obligations and the execution and delivery of the Payment Instructions and this Financing Agreement and compliance with the District's obligations therein and herein will not in any material respect conflict with, violate or result in a breach of or constitute a default under, any constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, agreement, mortgage, lease or other instrument to which the District is a party or to which the District or any of its property or assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instruments, except as provided by the Resolution, the Payment Instructions, the Note and this Financing Agreement.

- (j) No action, suit, proceeding, inquiry or investigation at law or in equity before or by any court, government agency, public board or body, has been served and is pending or, to the best of the District's knowledge, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or the titles of the officials of the District to such offices; (ii) affecting or seeking to prohibit, restrain or enjoin the making, execution or delivery of the Payment Instructions, the Note or this Financing Agreement or the application of the Obligation Proceeds; (iii) in any way contesting or affecting, as to the District, the validity or enforceability of the Bond Law, the Resolution, the Payment Instructions, the Note or this Financing Agreement; (iv) in any way contesting the powers of the District or its authority with respect to the execution or delivery of the Note, the adoption of the Resolution, or the execution and delivery of the Note, the Payment Instructions or this Financing Agreement; (v) contesting the exemption of interest on the 2021 Obligations for State income tax purposes; or (vi) in any way contesting or challenging the consummation of the transactions contemplated hereby or thereby or that might materially adversely affect the ability of the District to perform and satisfy its obligations under the Note or this Financing Agreement; nor to the best of the District's knowledge is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Bond Law, the proceedings authorizing the Resolution, the Payment Instructions, the Note or this Financing Agreement or the performance by the District of its obligations thereunder, or the authorization, execution, delivery or performance by the District of the Note, the Payment Instructions, the Resolution or this Financing Agreement.
- (k) The District is not in default, and has not defaulted in the past five years in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.
- (l) All consents, approvals, authorizations, orders, licenses or permits of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter, that are required for the due authorization by, or that would constitute a condition precedent to or the absence of which would materially adversely affect the execution and delivery of the 2021 Obligations and the execution, delivery of and performance of the Note, the Payment Instructions and this Financing Agreement by the District have been duly obtained (except for such approvals, consents and orders as may be required under the Blue Sky or



securities laws of any state in connection with the offering and sale of the 2021 Obligations, as to which no representation is made).

- (m) The District has the legal authority to apply and will apply, or cause to be applied, the Obligation Proceeds as provided in and subject to all of the terms and provisions of the Bond Law, the Resolution, the Payment Instructions, the Note and this Financing Agreement.
- (n) The District is in compliance in all material respects with all applicable Environmental Regulations, including, without limitation, regulations governing air pollution, soil and water pollution, the use, generation, storage, treatment, removal, handling or disposal of Hazardous Substances, other materials or wastes, and the emission of electromagnetic or nuclear radiation.
- (o) Neither the District nor any of its facilities are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to any alleged violation of or condition regulated by an Environmental Regulation referred to in (n) above or to respond to a release of any Hazardous Substances into the environment.
- (p) To its knowledge, after reasonable investigation, the District does not have any material contingent liability in connection with any release of any Hazardous Substances into the environment that would have a Material Adverse Effect on the District or payment, when due, of the principal, premium, if any, or interest on the 2021 Obligations.
- (q) No event has occurred and no condition exists which would constitute an Event of Default with respect to this Financing Agreement or which, with the passing of time or with the giving of notice or both would become such an Event of Default.
- (r) The District has heretofore established the General Fund into which the District deposits and will continue to deposit all Gross Revenues, and which the District will maintain throughout the Term of this Financing Agreement.
- (s) There are no outstanding bonds, notes, loans, leases, installment sale agreements or other obligations which have any security interest in or claim upon the Gross Revenues or Net Revenues, which security interest or claim is superior to the Obligation Payments.
- (t) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.
- (u) The District acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of UAL, that it is familiar with the provisions of all of the documents and instruments relating to such financing to which the District is a party, including this Financing Agreement, and that it understands the risks inherent in such transactions.
- (v) Any certificate, signed by any official of the District authorized to do so in connection with the transactions described in this Financing Agreement, shall be deemed a representation and warranty by the District to the Bank as to the statements made therein.

- (w) Since the most current date of the information, financial or otherwise, supplied by the District to the Bank:
- (i) There has been no change in the assets, liabilities, financial position or results of operations of the District which might reasonably be anticipated to cause a Material Adverse Effect;
  - (ii) The District has not incurred any obligations or liabilities which might reasonably be anticipated to cause a Material Adverse Effect;
  - (iii) The District has not (A) incurred any material indebtedness, other than the Prior Obligations, Obligation Payments and trade accounts payable arising in the ordinary course of the District's business and not past due, or (B) guaranteed the indebtedness of any other person; and
  - (iv) All information, reports and other papers and data furnished by the District to the Bank were, at the time the same were so furnished, to the best of the District's knowledge, complete and accurate in all material respects. No fact is known to the District which has had or, to the best of the District's knowledge, so far as the District can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Bank or in other such information, reports, papers and data or otherwise disclosed in writing to the Bank prior to the Closing Date. Any financial, budget and other projections furnished to the Bank by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and as of the date of this representation, represent the District's best estimate of future financial performance of the District.
- (x) Inasmuch as this Financing Agreement represents a negotiated transaction, the District understands, and hereby confirms, that the Bank is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Bank, for its own account. The District acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the District and the Bank and its affiliates, (ii) in connection with such transaction, the Bank and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), (iii) the Bank and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Bank and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Bank, or any affiliate of the Bank, has provided other services or advised, or is currently providing other services or advising the District on other matters), (v) the Bank and its affiliates have financial and other interests that differ from those of the District, and (vi) the District has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.



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

- (a) The Bank has been duly organized and is validly existing as an California state chartered bank, with full corporate power to enter into and undertake its duties and obligations hereunder and has sufficient knowledge and experience in financial and business matters, including purchase and ownership of tax-exempt municipal obligations, to be able to evaluate the economic risks and merits of the 2021 Obligations.
- (b) The execution, delivery and performance of this Financing Agreement has been duly authorized by all necessary corporate actions on the part of the Bank and do not require any further approvals or consents.
- (c) The Bank will deliver to the District a certificate or letter substantially in the form set forth in Exhibit B attached hereto.

### ARTICLE III

#### TERMS OF THE 2021 OBLIGATIONS

**Section 3.1. Obligation Proceeds.** The 2021 Obligations shall be purchased by the Bank in the aggregate amount of \$ \_\_\_\_\_ (the “Obligation Proceeds”) in immediately available funds on the Closing Date.

**Section 3.2. Deposit and Application of Obligation Proceeds.** The District hereby instructs the Bank (to which instruction the Bank hereby assents) to set-aside a portion of the Obligation Proceeds in the amount of \$ \_\_\_\_\_ (the “COI Set-Aside Funds”) for the payment of Costs of Issuance on behalf of the District as provided in Section 3.9. The District hereby instructs the Bank (to which the Bank also assents) to wire the amount of (i) \$ \_\_\_\_\_ directly to CalPERS, in accordance with the Payment Instructions, in satisfaction of a portion of the District’s obligations under the CalPERS Contract with respect to the Safety Plan UAL Obligations, (ii) \$ \_\_\_\_\_ directly to CalPERS, in accordance with Payment Instructions, in satisfaction of a portion of the District’s obligations under the CalPERS Contract with respect to the Miscellaneous Plan UAL Obligations, and (iii) \$ \_\_\_\_\_ directly to CalPERS, in accordance with Payment Instructions, in satisfaction of a portion of the District’s obligations under the CalPERS Contract with respect to the PEPRA Safety Plan UAL Obligations.

**Section 3.3. Term of the Financing Agreement.** The Term of this Financing Agreement shall commence on the Closing Date and shall end on the date on which the 2021 Obligations shall be paid in full or provision for such payment shall be made as provided herein.

**Section 3.4. Optional Prepayment.** On and after \_\_\_\_\_, 2021, the District shall have the option to prepay the unpaid Principal Components of the 2021 Obligations in whole or in part on any Business Day, by paying a prepayment price equal to the aggregate amount of Principal Components to be prepaid, together with the interest required to be paid thereon on the date fixed

for prepayment, plus a prepayment premium of the Principal Component to be prepaid as set forth in the table below:

<u>Prepayment Date</u>	<u>Prepayment Premium</u>
____ __, 2021 through ____ __, 2025	3%
____ __, 2025 through ____ __, 2028	2%
____ __, 2028 and ____ __, 2031	1%
____ __, 2031 and thereafter	0%

[Additionally (and notwithstanding the above), on and after \_\_\_\_ \_\_, 2021, the District shall have the option to prepay up to ten percent (10%) of the unpaid Principal Components of the 2021 Obligations annually (but only on a Payment Date(s)), together with the interest required to be paid thereon on the date fixed for prepayment, without premium.]

The District shall give the Bank notice of its intention to exercise its option not less than thirty (30) days in advance of the date of exercise.

In the event the District prepays less than all of the remaining Principal Components of the Obligation Payments pursuant to this Section 3.4, the amount of such prepayment shall be applied by the Bank to the outstanding Principal Components in inverse order of maturity, unless otherwise requested by District and agreed to by Bank in its reasonable discretion.

**Section 3.5. Prepayment upon Casualty Loss or Governmental Taking.** At the District’s option, and upon thirty (30) days’ prior written notice to the Bank, the 2021 Obligations shall be subject to prepayment as a whole or in part on any date, from the Net Proceeds of casualty insurance or a governmental taking of a District facility or portions thereof by eminent domain proceedings, under the circumstances and upon the conditions and terms prescribed herein, at a prepayment price equal to the sum of the principal prepaid plus accrued interest thereon to the date fixed for prepayment, without premium.

In the event the District prepays less than all of the remaining Principal Components of the Obligation Payments pursuant to this Section 3.5, the amount of such prepayment shall be applied by the Bank to the outstanding Principal Components in inverse order of maturity, unless otherwise requested by District and agreed to by Bank in its reasonable discretion.

**Section 3.6. Execution of the Financing Agreement.** The execution of this Financing Agreement by an Authorized Representative shall constitute conclusive evidence of such officers’ and the Board’s approval hereof, including any changes, insertions, revisions, corrections, or amendments as may have been made hereto.

**Section 3.7. Assignment by the Bank.** The Bank’s right, title and interest in and to this Financing Agreement and all proceeds, with prior written notice to the District, may be participated, assigned and reassigned to one assignee or sub-assignee by Bank, without the necessity of obtaining the consent of District; and provided that Bank has filed with the District at least five Business Days’ prior written notice thereof along with an executed copy of a letter addressed to the District and the Bank substantially in the form of the letter delivered by the Bank on the Closing Date attached hereto as Exhibit B. The District shall pay all Obligation Payments

hereunder to the Bank, as provided in Section 4.2 hereof, or under the written direction of the assignee named in the most recent assignment or notice of assignment filed with the District. During the term of this Financing Agreement, the District and Bank shall each keep a complete and accurate record of any such notice of assignment.

**Section 3.8. Closing Conditions.** The Bank has entered into this Financing Agreement in reliance upon the representations and warranties of the District contained in this Financing Agreement and to be contained in the documents and instruments to be delivered on the Closing Date and upon the performance by the District of the obligations of the District pursuant to this Financing Agreement at or prior to the Closing Date. Accordingly, the obligation of Bank to purchase the 2021 Obligations and execute this Financing Agreement is subject to the fulfillment to the reasonable satisfaction of the Bank of the following conditions:

(a) The representations and warranties of the District contained in this Financing Agreement shall be true, complete and correct on the Closing Date.

(b) All representations, warranties and covenants made herein, and in certificates or other instruments delivered pursuant hereto or in connection herewith, shall be deemed to have been relied upon by the Bank notwithstanding any investigation heretofore or hereafter made by the Bank or on their behalf.

(c) On the Closing Date, the Resolution, the Payment Instructions, the Note and this Financing Agreement shall be in full force and effect and shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(d) On the Closing Date, the District will have adopted and there will be in full force and effect such Resolution as in the opinion of Bond Counsel shall be necessary in connection with the transactions contemplated by this Financing Agreement, and all necessary action of the District relating to the issuance of the 2021 Obligations will have been taken, will be in full force and effect and will not have been amended, modified or supplemented, except as may have been agreed to in writing by the Bank.

(e) At or prior to the Closing Date, the Bank will have received the following documents:

(i) the approving opinions, dated the Closing Date and addressed to the Bank, of Bond Counsel in form and content satisfactory to the Bank, to the effect that (I) the interest on the 2021 Obligations is excluded from gross income for State income tax purposes, and (II) the 2021 Obligations has been duly authorized, executed and delivered by the District and is a legal, valid and binding obligation of the District, enforceable in accordance with its terms, subject to customary exceptions for bankruptcy and judicial discretion;

(ii) a certificate or certificates, dated the date of the Closing and signed on behalf of the District by an Authorized Representative, to the effect that (I) the representations and warranties contained in this Financing Agreement are true and correct in all material respects on and as of the date of the Closing with the same effect as if made on the Closing Date; (II) no litigation of any nature is then pending or, to his or her

knowledge, threatened, seeking to restrain or enjoin the issuance and delivery of the 2021 Obligations or the levy or collection of revenues to pay the principal thereof and interest thereon, questioning the proceedings and authority by which such pledge is made, affecting the validity of the 2021 Obligations or contesting the existence or boundaries of the District or the title of the present officers to their respective offices; (III) no authority or proceedings for the issuance of the 2021 Obligations has been repealed, revoked or rescinded and no petition or petitions to revoke or alter the authorization to issue the 2021 Obligations has been filed with or received by the District; and (IV) the District has complied with all the agreements and covenants and satisfied all the conditions on its part to be performed or satisfied at or prior to, and to the extent possible before, the Closing Date;

(iii) a conformed certified copy of the Resolution;

(iv) the items required by the Resolution as conditions for execution and delivery of the 2021 Obligations;

(v) the opinion of the General Counsel to the District, dated the Closing Date, addressed to the Bank and the District, to the effect that:

(A) the District is a fire protection district duly organized and validly existing under the Constitution and laws of the State, and has all requisite power and authority: (a) to adopt the Resolution, and to enter into, execute, deliver and perform its covenants and agreements under this Financing Agreement, the Payment Instructions and the Note; (b) to make, execute and deliver this Financing Agreement, the Payment Instructions and the Note; and (c) to carry on its activities as currently conducted;

(B) the District has taken all actions required to be taken by it prior to the Closing Date material to the transactions contemplated by this Financing Agreement, the Payment Instructions and the Note, and the District has duly authorized the execution and delivery of, and the due performance of its obligations under, this Financing Agreement, the Payment Instructions and the Note;

(C) the adoption of the Resolution, the execution and delivery by the District of this Financing Agreement, the Payment Instructions and the Note, and the compliance with the provisions of this Financing Agreement, the Payment Instructions and the Note, to the best of such counsel's knowledge after due inquiry, do not and will not conflict with or violate in any material respect any California constitutional, statutory or regulatory provision, or, to the best of such counsel's knowledge after due inquiry, conflict with or constitute on the part of the District a material breach of or default under any agreement or instrument to which the District is a party or by which it is bound;

(D) to our actual current knowledge no litigation is pending with service of process completed or threatened against the District in any court in any way affecting the titles of the officials of the District to their respective positions, or

seeking to restrain or to enjoin the execution and delivery of this Financing Agreement, the Payment Instructions and the Note, or the collection of revenues pledged or to be pledged to pay the principal of and interest on the 2021 Obligations, or in any way contesting or affecting the validity or enforceability of this Financing Agreement, the Payment Instructions, the Note or the Resolution, or contesting the powers of the District or its authority with respect to this Financing Agreement, the Payment Instructions, the Note or the Resolution;

(E) to the best of such counsel's knowledge after due inquiry, no authorization, approval, consent or other order of the State or any local agency of the State, other than such authorizations, approvals and consents which have been obtained, is required for the valid authorization, execution and delivery by the District of this Financing Agreement, the Payment Instructions and the Note; and

(F) to the best of such counsel's knowledge after due inquiry, the District is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, which breach or default would materially adversely affect the District's ability to enter into or perform its obligations under this Financing Agreement, the Payment Instructions and the Note, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default under any such instrument; and

(vi) such additional legal opinions, certificates, instruments and other documents as the Bank or its counsel may reasonably request to evidence the truth and accuracy, as of the date of this Financing Agreement and as of the Closing Date, of the representations, warranties, agreements and covenants of the District contained herein and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District.

**Section 3.9. Application of Costs of Issuance Set-Aside Funds.** The COI Set-Aside Funds held by the Bank on behalf of the District pursuant to Section 3.2 in a temporary Costs of Issuance Fund and used by the Bank to pay the Costs of Issuance upon submission of sequentially numbered written Requisitions of the District, substantially in the form attached hereto as Exhibit D. Upon the Request of the District, but in no event later than seven (7) calendar days after the Closing Date, any remaining amounts of COI Set-Aside Funds shall be transferred by the Bank to the District.

**Section 3.10. 2021 Obligations Register.** The District will keep or cause to be kept, sufficient books for the registration and transfer of the 2021 Obligations which shall be open at all reasonable times with reasonable prior notice during normal business hours of the District; and, upon presentation, the District shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, the 2021 Obligations.

**Section 3.11. No CUSIP Numbers; No DTC.** The 2021 Obligations or the Note shall not bear CUSIP numbers, and shall not be registered with or held by The Depository Trust Company or any other securities depository.

## ARTICLE IV

### SECURITY

**Section 4.1. Pledge and Application of Gross Revenues.** In consideration of the Obligation Proceeds received from the execution and delivery of the 2021 Obligations and to secure the payment of the Obligation Payments and the performance of the other obligations of the District hereunder, the District does hereby pledge and grant a security interest, to the extent permitted by law, to the Bank in all Gross Revenues to secure the obligations of the District under this Financing Agreement. The District agrees that, as long as any of the Obligations remain Outstanding, all of the Gross Revenues shall be deposited as soon as practicable upon receipt in the District's General Fund. Subject to the provisions of this Financing Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein, the District hereby pledges, and to the extent permitted by law grants a security interest to the Bank, in the General Fund and all of the Gross Revenues to secure the payment of the Obligation Payments and the performance by the District of its other obligations under this Financing Agreement and the payment and performance of all obligations of the District under any Parity Debt Agreement. Such pledge, charge and assignment shall constitute a first lien on the Gross Revenues for the payment of the Obligation Payments in accordance with the terms hereof, and is on a parity with the pledge, lien and security interest which secures any Parity Debt, if any.

The obligations of the District to make or cause to be made the Obligation Payments and to perform and observe the other agreements on its part contained in this Financing Agreement shall be absolute and unconditional, payable from Gross Revenues of the District or any other legally available source of funds, and is not subject to: (i) any reduction or abatement whatsoever due to the destruction of or damage to the District facilities; or (ii) any defense or any right of set-off, counterclaim or recoupment arising out of any breach by the Bank of any obligation to the District, whether under this Financing Agreement or otherwise, or out of indebtedness or liability at any time owing to the District by the Bank. Until all of the Obligation Payments and other amounts coming due and payable under this Financing Agreement has been fully paid or prepaid, the District will not suspend or discontinue payment of any Obligation Payments or such other amounts required under this Financing Agreement, free of any deductions, and without abatement, diminution or setoff, and will perform and observe all other agreements contained in this Financing Agreement.

Until such time as the Obligation Payments and all other amounts coming due and payable under this Financing Agreement have been fully paid or prepaid, the District (i) will not suspend or discontinue any Obligation Payments, (ii) will perform and observe all of its other agreements contained in this Financing Agreement with respect to the 2021 Obligations; and (iii) will not terminate this Financing Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any act or circumstances that may constitute failure of consideration, destruction of or damage to, or taking or condemnation of all or any part of any District facilities, commercial frustration of purpose, any change in the tax or other laws of the



United States of America or of the State or any political subdivision of either or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Financing Agreement, provided that nothing contained herein shall be construed as prohibiting the District from pursuing any rights or remedies it may have against any Person in a separate legal proceeding.

This Financing Agreement shall be deemed and construed to be a “net contract,” and the District shall pay absolutely net the Obligation Payments and all other payments required hereunder, free of any deductions, without abatement, diminution or set off other than those herein expressly provided.

**Section 4.2. Repayment of the 2021 Obligations.** The District hereby agrees to repay the 2021 Obligations from Net Revenues in the aggregate principal amount of \$ \_\_\_\_\_ together with interest (calculated at the rate of \_\_. \_\_%, on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof, payable in semi-annual Obligation Payments in the respective amounts and on the respective Obligation Payment Dates specified in Exhibit A hereto, and by this reference made a part hereof. From and during the continuance of an Event of Default, the 2021 Obligations shall, at the option of Bank and with written notice to the District, bear interest at the Default Rate.

The 2021 Obligations shall be payable as to principal and interest in legal tender of the United States of America.

Pursuant to Section 5451 of the Government Code of the State of California, the pledge of the Gross Revenues by the District for the repayment of the principal of, premium, if any, and interest components of the Obligation Payments constitutes a first lien and security interest which immediately attaches to such Gross Revenues, and is effective and binding against the District, its successors, creditors and all others asserting rights therein irrespective of whether those parties have notice of the pledge, irrespective of whether such amounts are or may be deemed to be a fixture and without the need for physical delivery, recordation, filing or further act.

So long as the 2021 Obligations are owned to the Bank, all principal and interest payments with respect to the 2021 Obligations shall be made by wire transfer in accordance with wire instructions provided by the Bank from time to time.

**Section 4.3. Gross Revenues; Flow of Funds.** The District has previously established the General Fund, which the District agrees to continue to hold and maintain for the purposes and uses set forth in this Financing Agreement. The District shall deposit all Gross Revenues in the General Fund immediately upon receipt for as long as the 2021 Obligations remain outstanding. The District hereby covenants and agrees that all Gross Revenues, when and as received, will be received and held by the District in trust for the benefit of the Bank and owners of any Parity Debt, and will be disbursed, allocated and applied to pay when due the following amounts in the following order of priority:

(i) **Interest.** On each Obligation Payment Date on which the interest component of the 2021 Obligations and any outstanding Parity Debt is payable, all moneys in the General Fund shall be used and withdrawn by the District for the purpose of paying interest on the 2021 Obligations

and any outstanding Parity Debt as it shall become due and payable (including accrued interest on any 2021 Obligations purchased or redeemed prior to maturity pursuant to this Financing Agreement). In the event that the amounts on deposit in the General Fund on any Obligation Payment Date are insufficient for any reason to pay the aggregate amount of interest then coming due and payable on the outstanding 2021 Obligations and any outstanding Parity Debt, the District shall apply such amounts to the payment of interest on each of the outstanding 2021 Obligations and Parity Debt on a pro rata basis.

(ii) Principal. On each Obligation Payment Date on which the principal component of the 2021 Obligations and any outstanding Parity Debt is payable, all moneys in the General Fund shall be used and withdrawn by the District for the purpose of paying the principal of the 2021 Obligations and any outstanding Parity Debt at the maturity date or upon sinking account redemption, as the case may be. In the event that the amounts on deposit in the General Fund on each Obligation Payment Date on which the principal component of the 2021 Obligations and any outstanding Parity Debt is payable are insufficient for any reason to pay the aggregate amount of principal then coming due and payable on the 2021 Obligations and any outstanding Parity Debt, the District shall apply such amounts to the payment of principal on each of the Obligations and any outstanding Parity Debt on a pro rata basis.

(iii) The District shall establish and maintain a Redemption Account, amounts in which shall be used and withdrawn by the District solely for the purpose of paying the principal of and premium (if any) on the Principal Components to be redeemed pursuant to Section 3.4 or 3.5 hereof.

(iv) To the trustee or appropriate fiduciary, the amount of any deficiency in any reserve fund established for any Parity Debt, the notice of which deficiency has been given to the District in accordance with the related Parity Debt Documents.

(v) Any other payments required to comply with the provisions of this Financing Agreement and any respective Parity Debt Documents.

(vi) After the above disbursements have been satisfied, and so long as no Event of Default has occurred and is continuing, the District may use and apply moneys in the General Funds for (i) the payment of all Operation and Maintenance Costs of the District, (ii) the payment of any respective Subordinate Debt or any unsecured obligations, (iii) the acquisition and construction of improvements to the District, (iv) the prepayment of any other obligations of the District, or (v) any other lawful purposes of the District.

**Section 4.4. No Preference or Priority.** Payment of the Obligation Payments and the principal of and interest on any Parity Debt shall be made without preference or priority. If the amount of Gross Revenues on deposit in the General Fund is any time insufficient to enable the District to pay when due the Obligation Payments and the principal of and interest on any applicable Parity Debt, such payments will be made on a pro rata basis.

**Section 4.5. Special Obligation of the District; 2021 Obligations Absolute.** The District's obligation to pay the Obligation Payments shall be a special obligation of the District limited solely to Gross Revenues and amounts on deposit in the General Fund. Under no



circumstances shall the District be required to advance moneys derived from any source of income other than Gross Revenues and other sources specifically identified herein for the payment of the Obligation Payments, nor shall any other funds or property of the District be liable for the payment of the Obligation Payments. Notwithstanding the foregoing provisions of this Section, however, nothing herein is intended to prohibit the District voluntarily from making any payment hereunder from any source of available funds of the District.

The obligations of the District to pay the Obligation Payments from Gross Revenues, and to perform and observe the other agreements contained herein, shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach of the District, the Bank of any obligation to the District or otherwise, whether hereunder or otherwise, or out of indebtedness or liability at any time owing to the District by the Bank. Until such time as all of the Obligation Payments shall have been fully paid or prepaid, the District (a) will not suspend or discontinue payment of any Obligation Payments, (b) will perform and observe all other agreements contained in this Financing Agreement, and (c) will not terminate this Financing Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to District facilities, sale of District facilities, the taking by eminent domain of title to or temporary use of any component of District facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or the State or any political subdivision of either thereof or any failure of the Bank to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Financing Agreement.

## ARTICLE V

### COVENANTS OF THE DISTRICT

**Section 5.1. Operation and Maintenance of the District.** The District will maintain and preserve the Enterprise and its assets in good repair and working order at all times and will operate the District in an efficient and economical manner.

**Section 5.2. Against Sale or Other Disposition of Property.** Other than the Prior 2021 Obligations and as may be required to issue future Parity Debt, the District will not sell, lease, or otherwise dispose of District facilities that are essential to the proper operation of the District or to the maintenance of Gross Revenues and Net Revenues. The District will not enter into any agreement or lease that impairs the operations of the District necessary to secure adequate Gross Revenue and Net Revenues for the payment of the 2021 Obligations or that would otherwise impair the rights of the District with respect to the Gross Revenues and Net Revenues. Any real or personal property that has become nonoperative or that is not needed for the efficient and proper operation of the District, or any material or equipment that has become worn out, may be sold at not less than the fair market value thereof. The District shall deposit the proceeds of such sale in the General Fund.

**Section 5.3. Rates, Fees, and Charges.**

(a) **Covenant to Maintain Gross Revenues.** The District shall at all times do and perform all acts and things permitted by law that are necessary to maintain in full force and effect its rights to receive revenues from its current sources of Gross Revenues and shall take no action that would result in the reduction of the amount of revenues from any such source. The District shall fix, prescribe, assess, revise and collect rates, assessments, fees and charges for District services and facilities during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues sufficient to pay 100% of the following amounts in the following order of priority:

- (i) the Obligation Payments during such Fiscal Year;
- (ii) all Operation and Maintenance Costs estimated by the District to become due and payable in such Fiscal Year;
- (iii) all other payments required for compliance with this Financing Agreement and the instruments pursuant to which any Parity Debt shall have been issued; and
- (iv) all payments required to meet any other obligations of the District which are charges, liens, encumbrances upon or payable from the Gross Revenues.

(b) **Covenant to Maintain Net Revenues.** In addition, the District shall fix, prescribe, revise, assess and collect rates, assessments, fees and charges for District services and facilities during each Fiscal Year that are sufficient to yield Net Revenues which, when added to other funds transferred from the Rate Stabilization Fund, and which are lawfully available to the District for payment of the items listed in clauses (ii) and (iii) above during such Fiscal Year, will aggregate an amount at least equal to Debt Service Coverage Requirement in such Fiscal Year for the Obligation Payments and any Parity Debt which has a lien on such Net Revenues.

(c) **Transfers from Rate Stabilization Fund.** For purposes of this Section 5.3, the amount of Net Revenues or Gross Revenues of the District for a Fiscal Year will include amounts transferred into the General Fund from the Rate Stabilization Fund during such Fiscal Year.

(d) **Effect of Violation of Rate Covenants.** If the District violates the covenants set forth in subsections (a) or (b) hereof, but otherwise makes its scheduled Obligation Payments in a timely manner, such violation shall not, in and of itself, constitute an Event of Default under this Financing Agreement so long as within 120 days after the date such violation is discovered, the District either (a) transfers enough moneys from the Rate Stabilization Fund sufficient to yield estimated applicable Net Revenues which are at least equal to one hundred ten percent (110%) of the aggregate amount of Debt Service on the 2021 Obligations and any Parity Debt payable from Net Revenues coming due and payable during such Fiscal Year in compliance with subsection (b) of this Section 5.3, or (b) hires an Independent Consultant to review the revenues and expenses of the District, and abides by such consultant's recommendations to revise the schedule of rates, assessments, fees, expenses and charges, and to revise any Operation and Maintenance Costs insofar as practicable, and to take such other actions as are necessary so as to produce Net Revenues to cure such violation for future compliance; *provided, however*, that, if the District does not, or cannot, transfer from the Rate Stabilization Fund the amount necessary to comply with subsection (a) or (b), as applicable, hereof, or otherwise cure such violation within two consecutive

years after the date such violation is discovered, an Event of Default shall be deemed to have occurred under Section 6.1(a)(2) hereof, unless otherwise agreed to by the Bank.

(e) **Rate Stabilization Fund.** The District has the right (but not the obligation) at any time to establish a separate fund to be known as the “Rate Stabilization Fund,” to be held and maintained by the District for the purpose of stabilizing the DSC Requirement. The District shall have the right to deposit into the Rate Stabilization Fund from time to time any amount of funds which are legally available, including but not limited to Net Revenues which are released from the pledge and lien which secures the 2021 Obligations and any Parity Debt as the District may determine; provided that deposits for each Fiscal Year may be made until (but not after) one hundred eighty (180) days following the end of such Fiscal Year, unless otherwise agreed to by the Bank. Amounts on deposit in the Rate Stabilization Fund are not pledged to and do not secure the 2021 Obligations or any Parity Debt. The District may at any time withdraw any or all amounts on deposit in the Rate Stabilization Fund and apply such amounts for any lawful purposes of the District.

For the purpose of computing the amount of Gross Revenues for any Fiscal Year for purposes of the preceding subsection (a), or the amount of Net Revenues for any Fiscal Year for purposes of the preceding subsection (b), the District shall be permitted to transfer amounts on deposit in the Rate Stabilization Fund to the General Fund, such transfers to be made until (but not after) one hundred eighty (180) days after the end of such Fiscal Year. In addition, the District shall be permitted to withdraw amounts on deposit in the Rate Stabilization Fund for any other lawful purpose.

**Section 5.4. Collection of Rates and Charges.** The District will always have in effect rules and regulations requiring each consumer or customer utilizing the District facilities and/or services to pay the rates, assessments, fees and charges applicable to such use or benefit received.

**Section 5.5. Reserved.**

**Section 5.6. Insurance.** (a) The District will procure and maintain insurance on the District facilities with commercial insurers or through participation in a joint powers insurance authority, in such amounts, with such deductibles and against such risks (including accident to or destruction of the District facilities) as are usually insurable in accordance with industry standards with respect to similar fire district facilities.

In the event of any damage to or destruction of District facilities caused by the perils covered by such insurance, the proceeds of such insurance shall be applied to the repair, reconstruction or replacement of the damaged or destroyed portion of the District facilities. The District shall cause such repair, reconstruction or replacement to begin promptly after such damage or destruction shall occur and to continue and to be properly completed as expeditiously as possible, and shall pay out of the proceeds of such insurance all costs and expenses in connection with such repair, reconstruction or replacement so that the same shall be completed and the District facilities shall be free and clear of all liens and claims. If the proceeds received by reason of any such loss shall exceed the costs of such repair, reconstruction or replacement, the excess shall be applied to prepay the 2021 Obligations and any other Parity Debt, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such Parity Debt.

Alternatively, if the proceeds of such insurance are sufficient to enable the District to retire all outstanding the 2021 Obligations and all Parity Debt and all other amounts due hereunder, the District may elect not to repair, reconstruct or replace the damaged or destroyed portion of the District facilities, and thereupon such proceeds shall be applied to the prepayment of the 2021 Obligations and such Parity Debt and to the payment of all other amounts due hereunder, and as otherwise required by the documents pursuant to which other Parity Debt were issued.

(b) The District will procure and maintain commercial general liability insurance covering claims against the District for bodily injury or death, or damage to property, occasioned by reason of the ownership or operation of District facilities, such insurance to afford protection in such amounts and against such risks as are usually covered in connection with similar fire districts in California.

(c) The District will procure and maintain workers' compensation insurance against liability for compensation under the Workers' Compensation Insurance and Safety Act of California, or any act hereafter enacted as an amendment or supplement or in lieu thereof; such insurance to cover all persons employed in connection with the District.

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

(e) In lieu of obtaining insurance coverage as required by this Section, such coverage may, with the prior written consent of the Bank, be maintained by the District in the form of self-insurance. The District shall certify to the Bank that (i) the District has segregated amounts in a special insurance reserve meeting the requirements of this Section; (ii) an Insurance Consultant certifies annually, on or before July 1 of each year in which self-insurance is maintained, in writing to the Bank that the District's general insurance reserves are actuarially sound and are adequate to provide the necessary coverage; and (iii) such reserves are held in a separate trust fund by an 'independent' trustee. Any statements of self-insurance shall be delivered to the Bank. The District shall pay or cause to be paid when due the premiums for all insurance policies required hereby.

The District shall cause the Bank to be named as an additional insured with respect to the District's liability insurance, and as a loss payee with respect to any property damage insurance. The District shall not allow any insurance to expire without thirty (30) days prior written notice to the Bank.

**Section 5.7. Eminent Domain.** If all or any part of the District facilities shall be taken by eminent domain proceedings, the resulting Net Proceeds thereof shall be applied as follows:

(a) If (1) the District delivers to the Bank a Certificate of the District 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 District facilities proposed to be acquired by the District from any Net Proceeds, and (iii) an estimate of the additional annual Net Revenues to be derived from such additions, betterments, extensions or improvements, and (2) on the basis of such certificate,

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 of such additions, betterments, extensions or improvements substantially in accordance with such Certificate of the District and such Net Proceeds shall be applied for the payment of the costs of such acquisition, and any balance of such Net Proceeds not required by the District for such purpose shall be applied to prepay the Principal Components and the principal amount of any other Parity Debt, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Debt.

(b) If the foregoing conditions are not met, then such Net Proceeds shall be applied to prepay the Principal Components of the 2021 Obligations and the principal amounts of any other Parity Debt, on a pro rata basis, in the manner provided in Section 3.5 hereof and in the instruments authorizing such other Parity Debt.

**Section 5.8. Additional Information.** The District agrees to furnish to the Bank, promptly, from time to time, such information regarding the operations, financial condition and property of the District as the Bank may reasonably request.

**Section 5.9. Compliance with Law and Contracts.** The District will faithfully comply with, keep, observe, and perform all valid and lawful obligations or regulations now or hereafter imposed on its operation of the District by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board, or commission having jurisdiction or control.

**Section 5.10. Punctual Payment.** The District will punctually pay the principal and interest to become due in respect of the 2021 Obligations, 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 rescind this Financing Agreement for any cause.

**Section 5.11. No Ratings; No Reoffering or Reissuance.** The District shall not cause the 2021 Obligations or the Note to be (i) assigned a specific rating by any rating agency, (ii) reoffered or reissued pursuant to any type of official statement, private placement memorandum or other offering document, or (iii) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

**Section 5.12. Protection of Security and Rights of the Bank.** The District will preserve and protect the security of the 2021 Obligations and the rights of the Bank and will warrant and defend the Bank's rights against all claims and demands of all persons. From and after the Closing Date, the 2021 Obligations shall be incontestable by the District.

**Section 5.13. Parity Debt.**

(a) So long as the 2021 Obligations are outstanding, the District shall not issue or incur any obligations payable from Gross Revenues or Net Revenues senior or superior to the payment of Debt Service on the 2021 Obligations. The District may at any time issue Parity Debt payable

from Gross Revenues on a parity with Debt Service on the 2021 Obligations to provide financing or refinancing for the District in such principal amount as shall be determined by the District. The District may issue or incur any such Parity Debt subject to the following specific conditions, which are hereby made conditions precedent to the issuance and delivery of such Parity Debt:

(1) No Event of Default shall have occurred and be continuing;

(2) The District delivers to the Bank prior to such incurrence a Certificate of the District (i) certifying that the issuance or incurrence of such Parity Debt will not have any adverse effect on the tax-exempt status of any outstanding Parity Debt, if applicable, and (ii) demonstrating that the estimated Debt Service Coverage Requirement (calculated to include Additional Revenues but without taking into account any amounts transferred into the General Fund from the Rate Stabilization Fund pursuant to Section 5.3(e) hereof) for the most recent Fiscal Year or as shown by the books of the District for any other 12-month period selected by the District ending not more than 90 days prior to the date of issuance of such Parity Debt, was at least equal to the Debt Service Coverage Requirement for such period when adjusted to include approximate annual debt service for such proposed Parity Debt as if it had been outstanding during such period; and

(3) Except with respect to the 2021 Obligations, and at the District's sole discretion, there may be established from the proceeds of such Parity Debt a reserve fund for the security of such Parity Debt.

The provisions of subsection (a)(2) of this Section shall not apply to any Parity Debt if, and to the extent that (i) all of the proceeds of such Parity Debt (other than proceeds applied to pay costs of issuing such Parity Debt and to make the reserve fund deposit required pursuant to subsection (a)(3) of this Section) shall be deposited in an irrevocable escrow held in cash or invested in Federal Securities for the purpose of paying the principal of and interest and premium (if any) on such outstanding Parity Debt, and (ii) at the time of the incurring of such Parity Debt, the District certifies in writing that maximum annual debt service on such Parity Debt will not exceed Maximum Annual Debt Service on the outstanding Parity Debt being refunded, and (iii) the final maturity of such Parity Debt is not later than the final maturity of the Parity Debt being refunded.

(b) In order to maintain the parity relationship of debt service payments on all Parity Debt permitted hereunder, the District covenants that all payments in the nature of principal and interest or reserve account replenishment with respect to any Parity Debt, will be structured to occur semi-annually on February 1 and August 1, in each year as such payments are due with respect to the Debt Service payments, and reserve account replenishment with respect to any Parity Debt will be structured to occur within one year, and to otherwise structure the terms of such Parity Debt to ensure that they are in all respects payable on a parity with the Debt Service payments on the 2021 Obligations and all Parity Debt, and not prior thereto.

(c) The Parity Debt Document under which Parity Debt is issued shall require that:

(i) An Event of Default under this Financing Agreement shall constitute an event of default under such Parity Debt Document;



(ii) An event of default under such Parity Debt Document shall constitute an Event of Default under this Financing Agreement;

(iii) Prior to exercising any remedies in an event of default under such Parity Debt Document, the holders of such Parity Debt (or a trustee representing their interest) shall be required to cooperate with the Bank and vice versa;

(iv) Remedies upon an event of default shall be substantially the same as the remedies provided in this Financing Agreement, and, prior to exercising any such remedies, the holders of such Parity Debt (or a trustee or insurer representing their interest) shall be required to cooperate with the Bank to the end that the interests of such holders and the Bank shall be equally protected;

(v) Interest on such Parity Debt will be payable on February 1 and August 1 in each year of the term of such Parity Debt, and the principal of such Parity Debt will be payable annually on August 1 (or, alternatively, semiannually on February 1 and August 1) in any year in which principal is payable;

(vi) An opinion of Bond Counsel delivered to the Bank that the delivery of the Parity Debt has been duly authorized by the District in accordance with this Financing Agreement, and that the Parity Debt will be legally valid and binding limited obligations of the District; and

(vii) The District will deliver to the Bank a Certificate of the District certifying that the conditions precedent to the issuance of such Parity Debt set forth herein have been satisfied.

(d) Any collateral given or to be given to secure Parity Debt (with the exception of Equipment Leases) shall also secure the 2021 Obligations on a pari passu basis.

(e) The District may at any time execute any Subordinate Obligations upon satisfaction of the conditions set forth in Section 5.13(a) above, but on a subordinate basis to the Obligation Payments and any outstanding Parity Debt; and further provided that the District delivers to the Bank prior to such incurrence a Certificate of the District demonstrating that the estimated Debt Service Coverage Requirement for the most recent Fiscal Year or as shown by the books of the District for any other 12-month period selected by the District ending not more than 90 days prior to the date of issuance of such Subordinate Debt, was at least equal to the Required Subordinate Debt Service Coverage Requirement (rather than the Debt Service Coverage Requirement that is otherwise required for the incurrence of Parity Debt) for such period when adjusted to include approximate annual debt service for such proposed Subordinate Debt as if it had been outstanding during such period.

**Section 5.14. Against Encumbrances.** The District hereby covenants and agrees that it shall not incur any obligations that are secured by a pledge and lien on the Gross Revenues or Net Revenues that is senior to the pledge and lien on the Gross Revenues and Net Revenues contained herein. The District will not make any pledge of or place any lien on the Gross Revenues or Net Revenues except as provided herein.

**Section 5.15. Further Assurances.** The District will adopt, make, execute and deliver any and all further resolutions, instruments, and assurances 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 Bank of the rights and benefits provided to it herein.

**Section 5.16. Financial Reports.**

(a) **Delivery of Financial Reports.** Promptly upon receipt by the District and in no event later than two hundred seventy (270) days after the close of each Fiscal Year (unless otherwise agreed in writing by the Bank), the District will furnish, or cause to be furnished, to the Bank an audit report of an Independent Certified Public Accountant with respect to such Fiscal Year, covering the operations of the District for said Fiscal Year. Such audit report shall include statements of the status of each account pertaining to the District, showing the amount and source of all deposits therein, the amount and purpose of the withdrawals therefrom and the balance therein at the beginning and end of said Fiscal Year (the "Financial Reports").

(b) **Delivery of Debt Service Coverage Compliance Certificate.** Annually, concurrently with the delivery of the Financial Reports, the District shall provide the Bank a Certificate in substantially the form attached hereto as Exhibit E, certifying as to whether or not the Net Revenues for such Fiscal Year were equal to the Debt Service Coverage Requirement for such Fiscal Year, calculated as provided in Section 5.3 hereof. In addition, each Fiscal Year commencing 2022 the District shall deliver to the Bank, within thirty (30) days of its adoption, a copy of the District's adopted budget for the then current Fiscal Year. The District shall also deliver to the Bank a copy of any update to the District's budget adopted for a Fiscal Year with thirty (30) days of the adoption of such updated budget.

**Section 5.17. Observance of Laws and Regulations.** The District will well and truly keep, observe and perform or cause to be kept, observed and performed all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired and enjoyed by the District, including the District's right to exist and carry on business as a California fire protection district, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

**Section 5.18. Budget.** The District hereby covenants to take such action as may be necessary to include all Obligation Payments and all other amounts due hereunder in its annual budget and to make the necessary annual appropriations for all such Obligation Payments and all other amount due hereunder.

**Section 5.19. Notices.** The District shall provide to the Bank:

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



(b) Prompt written notice (i) of any action, suit or proceeding or any investigation, inquiry or similar proceeding by or before any court or other governmental authority, domestic or foreign, against the District or the Gross Revenues which involve claims equal to or in excess of \$1,000,000 or that seeks injunctive relief, or (ii) of any loss or destruction of or damage to any portion of the District's assets in excess of \$1,000,000.

(c) Prompt written notice of any Material Litigation, or any investigation, inquiry or similar proceeding by any Governmental Authority with respect to any matter that relates to or could impact Gross Revenues.

(d) Promptly upon notice thereof, any termination or cancellation of any insurance policy which the District is required to maintain, or any uninsured or partially uninsured loss through liability or property damage, or through fire, theft or any other cause affecting the District property in excess of an aggregate of \$1,000,000.

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

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

#### **Section 6.1. Events of Default and Remedies.**

(a) **Events of Default.** The following shall be Events of Default hereunder:

(1) Failure by the District to pay any Principal Component or Interest Component on the 2021 Obligations when due and payable.

(2) Failure by the District to observe and perform any covenant, condition or agreement on its part contained herein, other than in clause (1) of this subsection (or as otherwise specifically provided for herein), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied has been given to the District by the Bank; *provided, however*, if in the reasonable opinion of the District the failure stated in the notice can be corrected, but not within such thirty (30) day period, the Bank shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the District within such thirty (30) day period and diligently pursued until the default is corrected.

(3) Default by the District under any Parity Debt Documents.

(4) Institution of any proceeding under the United States Bankruptcy Code or any federal or state bankruptcy, insolvency, or similar law or any law providing for the appointment of a receiver, liquidator, trustee, or similar official of the District or of all or substantially all of its assets, by or with the consent of the District, or institution of any such proceeding without its consent that is not permanently stayed or dismissed within

sixty (60) days, or agreement by the District with the District's creditors to effect a composition or extension of time to pay the District's debts, or request by the District for a reorganization or to effect a plan of reorganization, or for a readjustment of the District's debts, or a general or any assignment by the District for the benefit of the District's creditors.

(5) This Financing Agreement or any material provision of this Financing Agreement shall at any time for any reason cease to be the legal, valid and binding obligation of the District or shall cease to be in full force and effect, or shall be declared to be unenforceable, invalid or void, or the validity or enforceability thereof shall be contested by the District, or the District shall renounce the same or deny that it has any further liability hereunder.

(6) Dissolution, termination of existence or insolvency of the District.

(7) Any court of competent jurisdiction with jurisdiction to rule on the validity of any provision of this Financing Agreement shall find or rule that this Financing Agreement is not valid or not binding on the District.

(b) ***Remedies on Default.*** Whenever any Event of Default shall have happened and be continuing, the interest on the 2021 Obligations shall accrue, at the option of the Bank, at the Default Rate to the extent permitted by law, and, additionally, the Bank shall have the right, at its option upon notice to the District, to declare the unpaid aggregate Principal Components of the 2021 Obligations, and the interest accrued thereon, to be immediately due and payable, whereupon the same shall immediately become due and payable.

The Bank shall also have the right, at its option upon notice to the District, to (i) apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require officials of the District to charge and collect rates and/or make reductions in expenses and services provided by the District sufficient to meet all requirements of this Financing Agreement, and (ii) take whatever action at law or in equity as may appear necessary or desirable to collect the Obligation Payments then due or thereafter to become due during the Term of this Financing Agreement, or enforce performance and observance of any obligation, agreement or covenant of the District under this Financing Agreement.

**Section 6.2. Application of Funds Upon Acceleration.** Upon the date of the declaration of acceleration as provided in Section 6.1, all Gross Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency of such Gross Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Bank and any Parity Debt owners, if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel; and

Second, to the payment of the entire unpaid aggregate Principal Components of the 2021 Obligations, and the unpaid principal amount of any other Parity Debt secured by Gross Revenues, and the accrued interest thereon, with interest on the overdue payments

at the rate or rates of interest applicable to the 2021 Obligations and such other Parity Debt obligations if paid in accordance with their respective terms.

**Section 6.3. Other Remedies of the Bank.** The Bank 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 agreements and covenants required to be performed by it or him contained herein;

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

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

Notwithstanding anything contained herein the Bank shall have no security interest in or mortgage on the Project or the Enterprise and default hereunder shall not result in the loss of the Project or the Enterprise.

**Section 6.4. Non-Waiver.** Nothing in this article or in any other provision hereof, or in the 2021 Obligations, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the 2021 Obligations to the Bank when due, as herein provided, out of the Gross Revenues herein pledged for such payment, or shall affect or impair the right of the Bank, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in this Financing Agreement.

A waiver of any default or breach of duty or contract by the Bank 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 Bank 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 Bank by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Bank. If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Bank, the District and the Bank shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

**Section 6.5. Remedies Not Exclusive.** No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

**ARTICLE VII**

**NOTICES**

**Section 7.1. Notices.** All written notices under this Financing Agreement shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. Notice is effective either (a) upon actual receipt after deposit in the United States mail, postage prepaid, or (b) in any other case, upon actual receipt. The District or the Bank may, by written notice to the other parties, from time to time modify the address or number to which communications are given hereunder.

If to the District:        Arcata Fire Protection District  
   2149 Central Avenue  
   McKinleyville, CA 95519  
   Phone: (707) 825-2000  
   Attention: Justin McDonald, Fire Chief

If to the Bank:            \_\_\_\_\_ Bank  
   Address  
   Phone:  
   Attention:

**ARTICLE VIII**

**AMENDMENTS; DISCHARGE; GENERAL AUTHORIZATION; EFFECTIVE DATE**

**Section 8.1. Amendments Permitted.**

(a) This Financing Agreement and the rights and obligations of the District and of the Bank may be modified or amended at any time by a written supplemental agreement entered into by the District and the Bank.

(b) From and after the time any supplemental agreement becomes effective pursuant to this Article, this Financing Agreement shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties, and obligations under this Financing Agreement and the Bank shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such modification and amendments, and all the terms and conditions of any such supplemental agreement shall be deemed to be part of the terms and conditions of this Financing Agreement for any and all purposes.

**Section 8.2. Discharge of Financing Agreement.**

(a) If the District shall pay or cause to be paid or there shall otherwise be paid to the Bank the principal of and the interest and the prepayment premium, if any, on this Financing Agreement at the times and in the manner stipulated herein, then all agreements, covenants and other obligations of the District to the Bank hereunder shall thereupon cease, terminate and become

void and be discharged and satisfied.

(b) This Financing Agreement shall be deemed to have been paid within the meaning and with the effect expressed in subsection (a) of this section if (1) in case this Financing Agreement is to be prepaid on any date prior to its final principal payment date, the District shall have mailed a notice of prepayment to the Bank, (2) there shall have been deposited with the Bank, or an escrow agent reasonably acceptable to the Bank, either money in an amount that shall be sufficient or direct obligations of the United States of America that are not subject to redemption except by the holder thereof prior to maturity (including any such securities issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), the interest on and principal of which when paid will provide money that, together with the money, if any, deposited with the Bank or such escrow agent at the same time, shall be sufficient to pay when due the interest to become due on this Financing Agreement on and prior to the final principal payment date or prepayment date thereof, as the case may be, and the principal of and prepayment premiums, if any, on this Financing Agreement on and prior to the final principal payment date or the prepayment date thereof, as the case may be, and (3) if this Financing Agreement is not subject to prepayment within the next succeeding sixty (60) days, the District shall have mailed a notice to the Bank that the deposit required by clause (2) above has been made with the Bank or such escrow agent and that this Financing Agreement is deemed to have been paid in accordance with this section and stating the principal payment dates or prepayment date, as the case may be, upon which money is to be available for the payment of the principal of and prepayment premiums, if any, on this Financing Agreement.

**Section 8.3. General Authorization.** The Authorized Representatives of the District, and each of them individually, are hereby authorized and directed, for and in the name of and on behalf of the District, to execute and deliver any and all documents (including, but not limited to, this Financing Agreement, the Payment Instructions and the Note), to do any and all things and take any and all actions that may be necessary or advisable, in their discretion, in order to consummate the financing and to effect the purposes of this Financing Agreement and/or the Resolution. All actions heretofore taken by officers, employees, and agents of the District that are in conformity with the purposes and intent of this Financing Agreement and/or the Resolution are hereby approved, confirmed, and ratified.

**Section 8.4. Binding Effect.** This Financing Agreement shall inure to the benefit of and shall be binding upon the Bank and the District and their respective successors and assigns.

**Section 8.5. Severability.** In the event any provision of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**Section 8.6. Further Assurances and Corrective Instruments.** The Bank and the District agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Financing Agreement.

**Section 8.7. Applicable Law.** This Financing Agreement shall be governed by and construed in accordance with the laws of the State of California.

**Section 8.8. Captions.** The captions or headings in this Financing Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Section of this Financing Agreement.

**Section 8.9. Expenses.** The fees and disbursements of Bond Counsel, the fees and disbursements of the financial advisor to the District, the fees and disbursements of the placement agent to the District, the cost of preparing the documentation, CDIAC fees, fees of Bank's Counsel and other miscellaneous expenses of the District incurred in connection with the 2021 Obligations shall all be the obligation of the District. The Bank shall have no responsibility for any expenses associated with the issuance of the 2021 Obligations, including, but not limited to, the expenses identified above as the obligation of the District.

**Section 8.10. Agreement to Pay Attorneys' Fees and Expenses.** The District will pay the Bank its reasonable attorney fees incurred subsequent to an Event of Default.

**Section 8.11. Sovereign Immunity.** The District does not enjoy any rights of immunity on the grounds of sovereign immunity in respect of its obligations under this Financing Agreement or otherwise with respect to the Note. To the extent the District has or hereafter may acquire under any applicable law any rights to immunity from legal proceedings on the grounds of sovereignty, the District hereby waives, to the extent permitted by law, such rights to immunity for itself in respect of its obligations arising under or related to this Financing Agreement or otherwise with respect to the Note.

**Section 8.12. Judicial Reference.**

(a) The Bank and the District hereby agree: (i) each proceeding or hearing based upon or arising out of, directly or indirectly, this Financing Agreement or any document related thereto, any dealings between the District and the Bank related to the subject matter of this Financing Agreement or any related transactions, and/or the relationship that is being established between the District and the Bank (hereinafter, a "Claim") shall be determined by a consensual general judicial reference (the "Reference") pursuant to the provisions of Section 638 et seq. of the California Code of Civil Procedure, as such statutes may be amended or modified from time to time; (ii) upon a written request, or upon an appropriate motion by either the Bank or the District, as applicable, any pending action relating to any Claim and every Claim shall be heard by a single Referee (as defined below) who shall then try all issues (including any and all questions of law and questions of fact relating thereto), and issue findings of fact and conclusions of law and report a statement of decision. The Referee's statement of decision will constitute the conclusive determination of the Claim. The Bank and the District agree that the Referee shall have the power to issue all legal and equitable relief appropriate under the circumstances before the Referee; (iii) the Bank and the District shall promptly and diligently cooperate with one another, as applicable, and the Referee, and shall perform such acts as may be necessary to obtain prompt and expeditious resolution of all Claims in accordance with the terms of this Section 8.12; (iv) either the Bank or the District, as applicable, may file the Referee's findings, conclusions and statement with the clerk or judge of any appropriate court, file a motion to confirm the Referee's report and have judgment entered thereon. If the report is deemed incomplete by such court, the Referee may be required to complete the report and resubmit it; (v) the District and the District, as applicable, will each have such rights to assert such objections as are set forth in Section 638 et seq. of the

California Code of Civil Procedure; and (vi) all proceedings shall be closed to the public and confidential, and all records relating to the Reference shall be permanently sealed when the order thereon becomes final.

(b) The parties to the Reference proceeding shall select a single neutral referee (the “Referee”), who shall be a retired judge or justice of the courts of the State of California, or a federal court judge, in each case, with at least ten (10) years of judicial experience in civil matters. The Referee shall be appointed in accordance with Section 638 of the California Code of Civil Procedure (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts). If within ten (10) days after the request or motion for the Reference, the parties to the Reference proceeding cannot agree upon a Referee, then any party to such proceeding may request or move that the Referee be appointed by the Presiding Judge of the Calaveras County Superior Court, or of the U.S. District Court for the Northern District of California. The Referee shall determine all issues relating to the applicability, interpretation, legality and enforceability of this Section 8.12.

(c) No provision of this Section 8.12 shall limit the right of either the Bank or the District, as the case may be, to (i) exercise such self-help remedies as might otherwise be available under applicable law, or (ii) obtain or oppose provisional or ancillary remedies, including without limitation injunctive relief, writs of possession, the appointment of a receiver, and/or additional or supplementary remedies from a court of competent jurisdiction before, after, or during the pendency of any Reference. The exercise of, or opposition to, any such remedy does not waive the right of the Bank or the District to the Reference pursuant to this Section 8.12(c).

(d) Promptly following the selection of the Referee, the District shall advance the estimated fees and costs of the Referee. In the statement of decision issued by the Referee, the Referee shall award costs, including reasonable attorneys’ fees, to the prevailing party, if any, and may order the Referee’s fees to be paid or shared by the parties to such Reference proceeding in such manner as the Referee deems just.

**Section 8.13. Execution in Counterparts.** This Financing Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*[Signature Page to Follow on Next Page]*



IN WITNESS WHEREOF, the Bank has caused this Financing Agreement to be executed in its corporate name by its duly authorized officer; and the District has caused this Financing Agreement to be executed in its name by its Authorized Representative, as of the date first above written.

\_\_\_\_ BANK

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

ARCATA FIRE PROTECTION DISTRICT

By: \_\_\_\_\_  
Justin McDonald, Fire Chief



**EXHIBIT A**

**2021 OBLIGATION PAYMENT SCHEDULE**

<b><u>2021 Obligation Payment Dates</u></b>	<b><u>Principal Components</u></b>	<b><u>Interest Components</u></b>	<b><u>2021 Obligation Payments</u></b>
<b>Totals</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**EXHIBIT B**

**§ \_\_\_\_\_  
ARCATA FIRE PROTECTION DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**FORM OF PURCHASER LETTER**

Arcata Fire Protection District  
Arnold, California

Weist Law LLP  
Los Gatos, California

This letter (this “Letter”) is to provide you with certain representations and agreements with respect to the above-referenced \$ \_\_\_\_\_ aggregate principal amount of the Arcata Fire Protection District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project), as evidenced by a Promissory Note, dated \_\_\_\_\_, 2021 (the “Note,” and collectively, the “2021 Obligations”). The 2021 Obligations were approved by the District pursuant to Resolution No. 2021-\_\_\_\_ (the “Resolution”), adopted by the Board of Directors of the Arcata Fire Protection District (the “District”) on \_\_\_\_\_, 2021, and was executed and delivered pursuant to a 2021 Financing Agreement, dated as of \_\_\_\_\_, 2021, by and between \_\_\_\_\_ Bank (the “Bank”) and the District (the “Agreement”). Capitalized terms not otherwise defined herein will have the meanings set forth in the Agreement.

We (the “undersigned,” “us” or “we,” as applicable) hereby represent and warrant to you and agree with you as follows:

(i) the Bank is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it was incorporated or formed and has the full legal right, power and authority to sign this Letter;

(ii) the undersigned is a duly authorized, qualified, and acting officer of the Bank and is authorized to cause the Bank to make the representations and warranties contained herein on behalf of the Bank, and this Letter has been duly authorized, executed, and delivered by the Bank;

(iii) the Bank has sufficient knowledge and experience in financial and business matters, including municipal and other tax-exempt and taxable obligations similar to the 2021 Obligations, to be able to evaluate the risks and merits of the obligation represented by the 2021 Obligations and is able to bear the economic risks of such obligation;

(iv) the Bank understands that the neither the 2021 Obligations nor the Agreement have been registered with any federal or state securities agency or commission; and further understands that the 2021 Obligations and the Agreement (a) are not being registered or otherwise qualified for

sale under the “Blue Sky” laws and regulations of any state; (b) will not be listed in any stock or other securities exchange; and (c) will not carry a rating from any rating service;

(v) we have made our own credit inquiry and analysis with respect to the District and the 2021 Obligations, and the Bank acknowledges that it has either been supplied with or has been given access to information to which a reasonable banking institution would attach significance in making lending and investment decisions, and the Bank has had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the legal, physical and fiscal condition of the District, as well as the insurance, security and prepayment arrangements set forth in the Agreement and the 2021 Obligations, so that, as a lender and investor, the Bank has been able to make an informed decision to purchase the 2021 Obligations;

(vi) the Bank understands and acknowledges that no official statement, offering memorandum or any disclosure document has been prepared, nor is any contemplated to be prepared, and that there is no reserve fund required for the 2021 Obligations;

(vii) the Bank understands and acknowledges it is purchasing the 2021 Obligations on a private placement basis, and it is not intended that the transaction be subject to the requirements of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, and therefore the District has not undertaken, other than as provided in the Agreement, to provide to or for the benefit of holders of the 2021 Obligations financial or operating data or any other information with respect to the District or the 2021 Obligations on an ongoing basis, other than as specifically set forth in the Agreement;

(viii) the Bank has made its own inquiry and analysis with respect to the 2021 Obligations and the security therefore, and other material factors affecting the security and payment of the 2021 Obligations;

(ix) the Bank is either:

(a) an “accredited investor” as such term is defined in Section 2(15) of the Securities Act of 1933, as amended (the “Securities Act”); or

(b) a “qualified institutional buyer” as such term is defined in Rule 144A promulgated under the Securities Act;

(x) the Bank is purchasing the 2021 Obligations for its own account and not with present view toward resale or distribution, and we have not offered, offered to sell, offered for sale or sold any of the 2021 Obligations by means of any form of general solicitation or general advertising, and we are not an underwriter of the 2021 Obligations within the meaning of Section 2(11) of the Securities Act; *provided, however*, that the Bank reserves the right to sell, transfer, assign or redistribute the 2021 Obligations without the consent of the District in accordance with the Agreement and all applicable securities laws, but agrees that any such sale, transfer or redistribution by the Bank shall be:

(a) to any subsidiary of the Bank, any affiliate of the Bank, any entity arising out of any merger or consolidation of the Bank, or a trustee in bankruptcy of the Bank, as certified to the District by an officer of such transferee, but only to the extent allowable under the Securities Act;

(b) to any “accredited investor” (within the meaning of Section 2(15) of the 1933 Securities Act) or any “qualified institutional buyer” (within the meaning of Rule 144A promulgated under the Securities Act);

(c) to any bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any “accredited investor” as defined in clause (x), above, “qualified institutional buyer” as defined in clause (x), above, or on its own behalf as a “qualified institutional buyer” as defined in clause (x), above or an “accredited investor” as defined in clause (x), above), as certified to the District by an officer of such transferee; or

(d) to any trust or custodial arrangement each of the beneficial owners of which is required to be an “accredited investor” or “qualified institutional buyer” (as defined in clause (x), above);

(xi) the Bank recognizes that the 2021 Obligations involves significant risks, there is no established market for the 2021 Obligations and that none is likely to develop and, accordingly, the Bank is able and willing to bear the economic risk of the 2021 Obligations for an indefinite period of time;

(xii) the Bank further acknowledges that it is responsible for consulting with its advisors concerning any obligations, including, but not limited to, any obligations pursuant to federal and state securities and income tax laws it may have with respect to subsequent assignments or assignees of the 2021 Obligations if and when any such future disposition of the 2021 Obligations may occur;

(xiii) no person has made any direct or indirect representation or warranty of any kind to us with respect to the economic return which may accrue to us. We have consulted with our own tax counsel and other advisors with respect to the 2021 Obligations;

(xiv) the Bank acknowledges that Weist Law LLP (“Bond Counsel”) is acting as bond counsel to the District, that Bond Counsel has no attorney-client relationship with the Bank, and that the Bank has sought legal advice from its own counsel to the extent it concluded legal advice was necessary, and further that the Bank has not sought or relied upon financial advice from Bond counsel relating to its decision to purchase the 2021 Obligations; and

(xv) the Bank is not relying upon the District, Bond Counsel or any of their affiliates or employees for advice as to the merits and risks pertaining to the 2021 Obligations. The Bank has sought such accounting, legal and tax advice as it has considered necessary to make an informed lending decision.

IN WITNESS WHEREOF, the undersigned has executed this Letter as of the \_\_\_th day of \_\_\_\_\_, 20\_\_.

\_\_\_\_ **BANK**

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

Title: \_\_\_\_\_

EXHIBIT C

FORM OF PROMISSORY NOTE

No. R-1

\$ \_\_\_\_\_

\$ \_\_\_\_\_  
ARCATA FIRE PROTECTION DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)  
PROMISSORY NOTE

INTEREST RATE:            \_. \_ %

CLOSING DATE:            October \_\_, 2021

MATURITY DATE:         \_\_\_\_\_, Year

REGISTERED OWNER:     \_\_\_\_\_ BANK,

PRINCIPAL AMOUNT:     \_\_\_\_\_

The Arcata Fire Protection District (the “District”) for value received, hereby promises to pay to the registered owner named above, or registered assigns (the “Owner”), on the Maturity Date set forth above, unless prepaid prior thereto as hereinafter provided, the principal amount set forth above, and to pay interest on such principal amount from the Closing Date set forth above, or from the most recent Obligation Payment Date (as hereinafter defined) to which interest has been paid or duly provided for. Interest on the unpaid principal balance of this Note shall be payable semiannually on each \_\_\_ 1 and \_\_\_ 1, commencing \_\_\_ \_\_\_, 2022 (each, a “Obligation Payment Date”), at the interest rate set forth above, until the principal amount hereof is paid in full or made provision for such payment has been made; *provided, however*, that so long as there has occurred and is continuing an Event of Default (as defined in the Financing Agreement described below), the interest shall accrue, at the option of the Bank, at the Default Rate interest to the extent permitted by law.

This Note evidences the obligations (the “2021 Obligations”) of the District under a Financing Agreement dated as of October 1, 2021 (as may be amended, the “Financing Agreement”), between the District and \_\_\_ Bank (the “Bank”), which is being executed and delivered by the District to the Registered Owner to finance the prepayment of a portion of the District’s unfunded accrued liability under the CalPERS Contract as described in the Financing Agreement. The District is authorized to enter into the Financing Agreement and to issue this Note in the aggregate principal amount of \$\_\_\_\_\_ pursuant to Resolution No. 2021-\_\_ (the “Resolution”), adopted by the Board of Directors of the District (the “District”) on September 14, 2021, and Section 53570 *et seq.* of the California Government Code (the “Bond Law”).

Reference is made to the Financing Agreement for the complete provisions thereof, and by acceptance hereof the registered owner of this Note assents to said terms and conditions as if fully set forth herein. The Financing Agreement is authorized under, and this Note is issued under, and both are to be construed in accordance with, the Bond Law and other laws of the State of California.

Pursuant to the Bond Law, the Resolution and the Financing Agreement, the principal of and interest on this Note are payable from Gross Revenues (as defined in the Financing Agreement), and funds held under the Financing Agreement. The District has agreed in the Financing Agreement to collect Gross Revenues sufficient to pay the payments on the 2021 Obligations and the Note when due.

The Note is subject to optional prepayment as set forth in the Financing Agreement. The Note is also subject to extraordinary prepayment in accordance with the Financing Agreement.

This Note shall be registered in the name of the Registered Owner hereof, as to both principal and interest. Each registration and transfer of registration of this Note shall be entered by the District in books kept by it for this purpose and authenticated by its manual signature upon the certificate of authentication endorsed hereon.

The Financing Agreement and the rights and obligations of the District thereunder may be modified or amended as set forth therein. The principal of this Note is subject to acceleration upon a default as prescribed in the Financing Agreement.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED by the District that all acts, conditions and things required by law to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in due time, form and manner as required by law, and that the amount of this Note, together with all other indebtedness of the District, does not exceed any debt limit prescribed by the laws or Constitution of the State of California.

IN WITNESS WHEREOF, the District has caused this Note to be dated the Closing Date shown first above, to be signed by the manual signature of its Fire Chief and attested to by the manual signature of its Secretary, and has caused this Note to be dated as of the dated date set forth above.

ARCATA FIRE PROTECTION DISTRICT

By: \_\_\_\_\_  
Justin McDonald, Fire Chief

ATTEST:

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

**EXHIBIT D**

**§ \_\_\_\_\_  
ARCATA FIRE PROTECTION DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**FORM OF REQUISITION  
FOR DISBURSEMENT OF COSTS OF ISSUANCE SET-ASIDE FUNDS**

The undersigned, as Fire Chief of the Arcata Fire Protection District (the "District"), in connection with the execution and delivery of the above-captioned \$ \_\_\_\_\_ aggregate principal amount of the Arcata Fire Protection District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project), as evidenced by a Promissory Note, dated October \_\_, 2021 (the "Note," and collectively, the "2021 Obligations"), approved pursuant to Resolution No. 2021-\_\_ (the "Resolution"), adopted by the Board of Directors of the District on October 14, 2021, and secured and consummated pursuant to a Financing Agreement, dated as of October 1, 2021, by and between the District and \_\_\_\_\_ Bank (the "Bank"), do hereby certify that:

(i) the undersigned is a duly Authorized Representative (as defined in the Resolution and Financing Agreement) with authority to act on behalf of the District as necessary in connection with execution and delivery of the 2021 Obligations, and as such, is authorized to disburse money for the payment of Costs of Issuance (the "Costs of Issuance"), which moneys have been set aside by the Bank for the purpose of paying the Costs of Issuance (the "Costs of Issuance Funds");

(ii) the Bank is hereby instructed to pay to the parties listed on Exhibit A hereto the sum listed opposite such parties names as a payment for the items listed and the expenses incidental thereto from the Costs of Issuance Funds. These costs have been properly incurred, are each a proper charge under the Financing Agreement and have not been the basis of any previous disbursements; and

(iii) all payments shall be made by check or wire transfer in accordance with the payment instructions set forth in Exhibit A attached hereto or in invoices submitted in accordance herewith, and the Bank may rely on such payment instructions as though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein.

Dated: \_\_\_\_\_, 2021

**ARCATA  
FIRE PROTECTION DISTRICT**

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



**EXHIBIT E**

**§ \_\_\_\_\_  
ARCATA FIRE PROTECTION DISTRICT  
SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
(CALPERS UAL PREPAYMENT PROJECT)**

**FORM OF CERTIFICATE OF ANNUAL DEBT SERVICE COVERAGE COMPLIANCE**

The undersigned, as Fire Chief of the Arcata Fire Protection District (the "District"), in connection with the execution and delivery of the above-captioned \$ \_\_\_\_\_ aggregate principal amount of the Arcata Fire Protection District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project), as evidenced by a Promissory Note, dated October \_\_, 2021 (the "Note," and collectively, the "2021 Obligations"), approved pursuant to Resolution No. 2021-\_\_ (the "Resolution"), adopted by the Board of Directors of the District on October 14, 2021, and secured and consummated pursuant to a Financing Agreement, dated as of October 1, 2021, by and between the District and \_\_\_\_\_ Bank (the "Bank"), do hereby state and/or certify that:

(i) capitalized terms not otherwise defined herein will have the meanings set forth in the Financing Agreement;

(ii) the undersigned is a duly Authorized Representative (as defined in the Resolution and Financing Agreement) with authority to act on behalf of the District as necessary in connection with compliance matters, including providing an annual certificate as to whether or not Net Revenues for a given Fiscal Year were equal to the Debt Service Coverage Requirement for such Fiscal Year, calculated as provided in Section 5.3 of the Financing Agreement;

(iii) for Fiscal Year \_\_\_\_\_, the Gross Revenues were \_\_\_\_\_, the Operation and Maintenance Costs were \$ \_\_\_\_\_, and the corresponding Net Revenues were \$ \_\_\_\_\_;

(iv) Debt Service for Fiscal Year \_\_\_\_\_ was \$ \_\_\_\_\_; and

(v) therefore, in accordance with Section 5.16(b) of the Financing Agreement, Debt Service Coverage for Fiscal Year \_\_\_\_\_ was \_\_\_\_\_% which [was][was not] in compliance with the Debt Service Coverage Requirement for such Fiscal Year.

Dated: \_\_\_\_\_, 20\_\_

**ARCATA FIRE PROTECTION DISTRICT**

By: \_\_\_\_\_  
Justin McDonald, Fire Chief

§ \_\_\_\_\_  
**ARCATA FIRE PROTECTION DISTRICT  
 SERIES 2021 TAXABLE REVENUE OBLIGATIONS  
 (CALPERS UAL PREPAYMENT PROJECT)**

**IRREVOCABLE PAYMENT INSTRUCTIONS**

These IRREVOCABLE PAYMENT INSTRUCTIONS (the “Instructions”) are dated as of October 1, 2021, and are given to \_\_\_\_\_ BANK (the “Bank”) by the ARCATA FIRE PROTECTION DISTRICT, a fire protection district, duly organized and validly existing under the laws of the State of California (the “District”);

**W I T N E S S E T H:**

**WHEREAS**, the District is obligated to the California State Public Employees’ Retirement System (“CalPERS”) under a certain contract, by and between the District and CalPERS, as amended from time to time (the “CalPERS Contract”), to make contributions to CalPERS in exchange for CalPERS providing retirement benefits for its retirees; and

**WHEREAS**, CalPERS determines, based on actuarial methods, a percentage rate of regular salary required to fund earned pension benefits, and if the total amount of accumulated contributions is less than the total forecasted cost of earned pension benefits, the difference represents an Unfunded Accrued Liability (the “UAL”); and

**WHEREAS**, to finance the prepayment of a designated portion of the UAL, the Board of Directors of the District (the “Board”) on September 14, 2021 adopted Resolution No. 2021-\_\_, pursuant to which the District authorized and directed the execution and delivery of its “Arcata Fire Protection District, Series 2021 Taxable Revenue Obligations (CalPERS UAL Prepayment Project),” as evidenced by a Promissory Note, dated October 14, 2021 (collectively, the “Obligations”); and

**WHEREAS**, the Obligations, in the amount of \$ \_\_\_\_\_ (the “Obligation Proceeds”), are being purchased by the Bank, in immediately available funds on October 1, 2021 (the “Closing Date”) pursuant to a Financing Agreement, dated as of October 1, 2021, by and between the Bank and the District (the “Financing Agreement”); and

**WHEREAS**, capitalized terms not otherwise defined herein will have the meanings ascribed to them in the Financing Agreement; and

**WHEREAS**, on the Closing Date a portion of the Obligation Proceeds in the amount of (i) \$ \_\_\_\_\_ will be transferred by the Bank directly to CalPERS as a discretionary payment towards its Miscellaneous Plan (the “Miscellaneous Plan Proceeds”), (ii) \$ \_\_\_\_\_ will be transferred by the Bank directly to CalPERS as a discretionary payment towards its Safety Plan (the “Fire Safety Plan Proceeds”), (iii) \$ \_\_\_\_\_ will be transferred by the Bank directly to CalPERS as a discretionary payment towards its Second Tier Safety Plan \$ \_\_\_\_\_, and (iv) will be transferred by the Bank directly to CalPERS as a discretionary payment towards its PEPRA Safety Plan (the “PEPRA Safety Plan Proceeds”), all in accordance with these Instructions as well as Section 3.2 of the Financing Agreement, in satisfaction of a portion of the District’s presently outstanding

obligations under the CalPERS Contract (collectively, the “Designated Proceeds”); and

**WHEREAS**, the District has full legal right, power, and authority to enter into and perform its duties under these Instructions; and

**WHEREAS**, the Bank acknowledges that these Instructions constitute irrevocable instructions by the District to apply the Designated Proceeds as set forth herein.

**NOW, THEREFORE**, in consideration of the above the District agrees as follows:

**Section 1. Transfer and Application of Miscellaneous Plan Proceeds.**

The Bank is hereby irrevocably instructed to wire the Miscellaneous Plan Proceeds in the amount of \$\_\_\_\_\_ directly to CalPERS **on or before the morning of October \_\_, 2021**, in accordance with the instruction set forth in Exhibit A, which are summarized as follows:

WIRE INSTRUCTIONS:

ABA#  
Bank  
Address  
City, State Zip  
For credit to State of CA, CalPERS  
Account #

Upon release of the wire, the District shall send an email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) as well as to and the District’s actuary, \_\_\_\_\_, notifying CalPERS that the discretionary payment of \$\_\_\_\_\_ has been wired in accordance with the payoff letter provided by CalPERS.

The District acknowledges that it has no right, title or interest in or to the Miscellaneous Plan Proceeds, except as set forth herein. Under no circumstances shall the Miscellaneous Plan Proceeds be paid or delivered to or for the order of the District, except as set forth herein. The District hereby waives any rights that it may have to give alternative instructions as to the Miscellaneous Plan Proceeds.

**Section 2. Transfer and Application of Safety Plan Proceeds.**

The Bank is hereby irrevocably instructed to wire the Safety Plan Proceeds in the amount of \$\_\_\_\_\_ directly to CalPERS **on or before the morning of October \_\_, 2021**, in accordance with the instruction set forth in Exhibit B, which are summarized as follows:

WIRE INSTRUCTIONS:

ABA#  
Bank  
Address  
City, State Zip  
For credit to State of CA, CalPERS  
Account #

Upon release of the wire, the District shall send an email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) as well as to and the District's actuary, \_\_\_\_\_, notifying CalPERS that the discretionary payment of \$\_\_\_\_\_ has been wired in accordance with the payoff letter provided by CalPERS.

The District acknowledges that it has no right, title or interest in or to the Safety Plan Proceeds, except as set forth herein. Under no circumstances shall the Safety Plan Proceeds be paid or delivered to or for the order of the District, except as set forth herein. The District hereby waives any rights that it may have to give alternative instructions as to the Safety Plan Proceeds.

**Section 3. Transfer and Application of Second Tier Safety Plan Proceeds.**

The Bank is hereby irrevocably instructed to wire the Second Tier Safety Plan Proceeds in the amount of \$\_\_\_\_\_ directly to CalPERS **on or before the morning of October \_\_, 2021**, in accordance with the instruction set forth in Exhibit C, which are summarized as follows:

WIRE INSTRUCTIONS:

ABA#  
Bank  
Address  
City, State Zip  
For credit to State of CA, CalPERS  
Account #

Upon release of the wire, the District shall send an email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) as well as to and the District's actuary, \_\_\_\_\_, notifying CalPERS that the discretionary payment of \$\_\_\_\_\_ has been wired in accordance with the payoff letter provided by CalPERS.

The District acknowledges that it has no right, title or interest in or to the Second Tier Safety Plan Proceeds, except as set forth herein. Under no circumstances shall the Second Tier Safety Plan Proceeds be paid or delivered to or for the order of the District, except as set forth herein. The District hereby waives any rights that it may have to give alternative instructions as to the Second Tier Safety Plan Proceeds.

**Section 4. Transfer and Application of PEPRSA Safety Plan Proceeds.**

The Bank is hereby irrevocably instructed to wire the PEPRSA Safety Plan Proceeds in the amount of \$\_\_\_\_\_ directly to CalPERS **on or before the morning of October \_\_, 2021**, in accordance with the instruction set forth in Exhibit D, which are summarized as follows:

WIRE INSTRUCTIONS:

ABA#  
Bank  
Address  
City, State Zip  
For credit to State of CA, CalPERS  
Account #

Upon release of the wire, the District shall send an email to [FCSD\\_public\\_agency\\_wires@calpers.ca.gov](mailto:FCSD_public_agency_wires@calpers.ca.gov) as well as to and the District's actuary, \_\_\_\_\_, notifying CalPERS that the discretionary payment of \$ \_\_\_\_\_ has been wired in accordance with the payoff letter provided by CalPERS.

The District acknowledges that it has no right, title or interest in or to the PEPRA Safety Plan Proceeds, except as set forth herein. Under no circumstances shall the PEPRA Safety Plan Proceeds be paid or delivered to or for the order of the District, except as set forth herein. The District hereby waives any rights that it may have to give alternative instructions as to the PEPRA Safety Plan Proceeds.

**Section 5. Termination; Unclaimed Money.** These Instructions shall terminate when the Designated Proceeds have been transferred and received by the CalPERS, as provided herein.

**Section 6. Liabilities and Obligations of Bank.**

The Bank shall have no obligation to make any payment or disbursement of any type except from the Designated Proceeds, or from such other funds that the District may hereafter deposit, in strict accordance with these Instructions. The Bank shall have no obligation to incur any financial liability in the performance of its duties under these Instructions, and the Bank may rely and shall be fully protected in acting upon the written instructions of the District or its agents relating to any matter or action as Bank under these Instructions.

The Bank shall have only such duties as are expressly set forth herein and no implied duties shall be read into these Instructions against the Bank. The Bank shall not be liable for any act or omission of the District under these Instructions. The Bank shall not be liable for the accuracy of any calculations as to the sufficiency of moneys deposited with it with respect to the Designated Proceeds.

The Bank shall have no liability or obligation to CalPERS or any other person or entity with respect to the payment of debt service by the District or with respect to the observance or performance by the District of the other conditions, covenants and terms contained in the CalPERS Contract, or with respect to the investment of any moneys in any fund or account established, held or maintained by the District pursuant to the CalPERS Contract.

The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on any certificate or opinion furnished to it in accordance with these Instructions.

**Section 7. Governing Law.** These Instructions shall be governed by and construed in accordance with the laws of the State of California.

**Section 8. Notices.** Notices hereunder shall be made in writing and shall be deemed to have been duly given when personally delivered or when deposited in the mail, first class postage prepaid, or delivered to an express carrier, charges prepaid, addressed to each party at its address below:

If to the District:                    Arcata Fire Protection District  
    2149 Central Avenue  
    McKinleyville, CA 95519  
    Phone: (707) 825-2000  
    Attention: Justin McDonald, Fire Chief

If to the Bank: \_\_\_\_\_ BANK,  
Address  
City State Zip  
Attention:  
Phone:

**Section 8. Counterparts.** These Instructions may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same Instructions.

*[Signature Page to Follow on Next Page]*

IN WITNESS WHEREOF, the District has each executed these Irrevocable Payment Instructions as of the date first above written.

ARCATA FIRE PROTECTION DISTRICT

By: \_\_\_\_\_  
Justin McDonald, Fire Chief

Acknowledged and Agreed:

\_\_\_\_\_ BANK,

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

**EXHIBIT A**

**WIRE INSTRUCTIONS PERTAINING TO THE MISCELLANEOUS PLAN PROCEEDS**

[Attached]



**EXHIBIT B**

**WIRE INSTRUCTIONS PERTAINING TO THE SAFETY PLAN PROCEEDS**

[Attached]

**EXHIBIT C**

**WIRE INSTRUCTIONS PERTAINING TO THE SECOND TIER SAFETY PLAN PROCEEDS**

[Attached]

**EXHIBIT D**

**WIRE INSTRUCTIONS PERTAINING TO THE PEPRA SAFETY PLAN PROCEEDS**

[Attached]



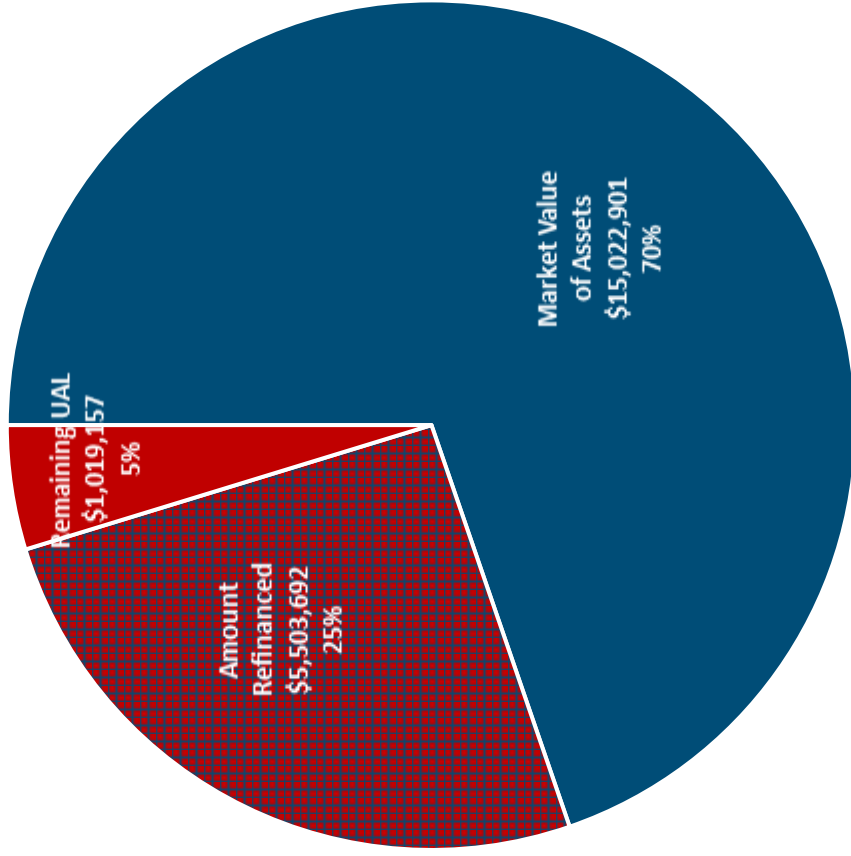
# Arcata Fire Protection District

## Summary of UAL Refinancing Bid Results

---

PREPARED: SEPT 8, 2021

# UAL REFINANCING PLAN



Plan	Market Value of		
	Assets	UAL Refinanced	Remaining UAL
Safety Plan	\$13,398,864	\$5,398,090	\$873,487
Miscellaneous Plan	\$375,440	\$67,348	\$17,666
Fire - Second	\$561,993	\$26,246	\$66,604
PEPRA - Fire	\$678,316	\$12,010	\$60,956
PEPRA - Miscellaneous	\$8,288	-	\$444
<b>Total</b>	<b>\$15,022,901</b>	<b>\$5,503,694</b>	<b>\$1,019,157</b>

# SUMMARY OF BIDS

Bank Name	Term	Interest Rate	Prepayment Options	Rate Lock	Legal Review Fee	Collateral Structure
Sterling National Bank	15-Year	2.740%	Years 1-3: 2%, 4-7: 1%, 8+: 0%	60 Days	\$0	Rate Covenant: 1.10X
Capital One Public Financing	15-Year	3.290%	Years 1-8: No Call, 9+: 0%	9/30/2021	\$0	N/A
Umpqua Bank	15-Year	3.000%	Year 1-4: 3%, 5-7: 2%, 8-10: 1%, 11+: 0%	Through Close	\$10,000	Rate Covenant: 1.10X
First Foundation Bank	15-Year	3.500%	Year 1-2: 3%, 3-4: 2%, 5-6: 1%, 7+: 0%	60 Days	\$10,000	Rate covenant: 1.25X
-----						
Umpqua Bank	20-Year	3.340%	Year 1-4: 3%, 5-7: 2%, 8-10: 1%, 11+: 0%	Through Close	\$10,000	Rate Covenant: 1.10X
Capital One Public Financing	20-Year	3.700%	Years 1-10: No Call, 11+: 0%	9/30/2021	\$0	N/A
First Foundation Bank	20-Year	3.700%	Year 1-2: 3%, 3-4: 2%, 5-6: 1%, 7+: 0%	60 Days	\$10,000	Rate covenant: 1.25X

# BEST BIDS BY TERM

Bank Name	Term	Interest Rate	Prepayment Options	Rate Lock	Legal Review Fee	Collateral Structure
Sterling National Bank	15-Year	2.740%	Years 1-3: 2%, 4-7: 1%, 8+: 0%	60 Days	\$0	Rate Covenant: 1.10X
Capital One Public Financing	15-Year	3.290%	Years 1-8: No Call, 9+: 0%	9/30/2021	\$0	N/A
Umpqua Bank	15-Year	3.000%	Year 1-4: 3%, 5-7: 2%, 8-10: 1%, 11+: 0%	Through Close	\$10,000	Rate Covenant: 1.10X
First Foundation Bank	15-Year	3.500%	Year 1-2: 3%, 3-4: 2%, 5-6: 1%, 7+: 0%	60 Days	\$10,000	Rate covenant: 1.25X
Umpqua Bank	20-Year	3.340%	Year 1-4: 3%, 5-7: 2%, 8-10: 1%, 11+: 0%	Through Close	\$10,000	Rate Covenant: 1.10X
Capital One Public Financing	20-Year	3.700%	Years 1-10: No Call, 11+: 0%	9/30/2021	\$0	N/A
First Foundation Bank	20-Year	3.700%	Year 1-2: 3%, 3-4: 2%, 5-6: 1%, 7+: 0%	60 Days	\$10,000	Rate covenant: 1.25X

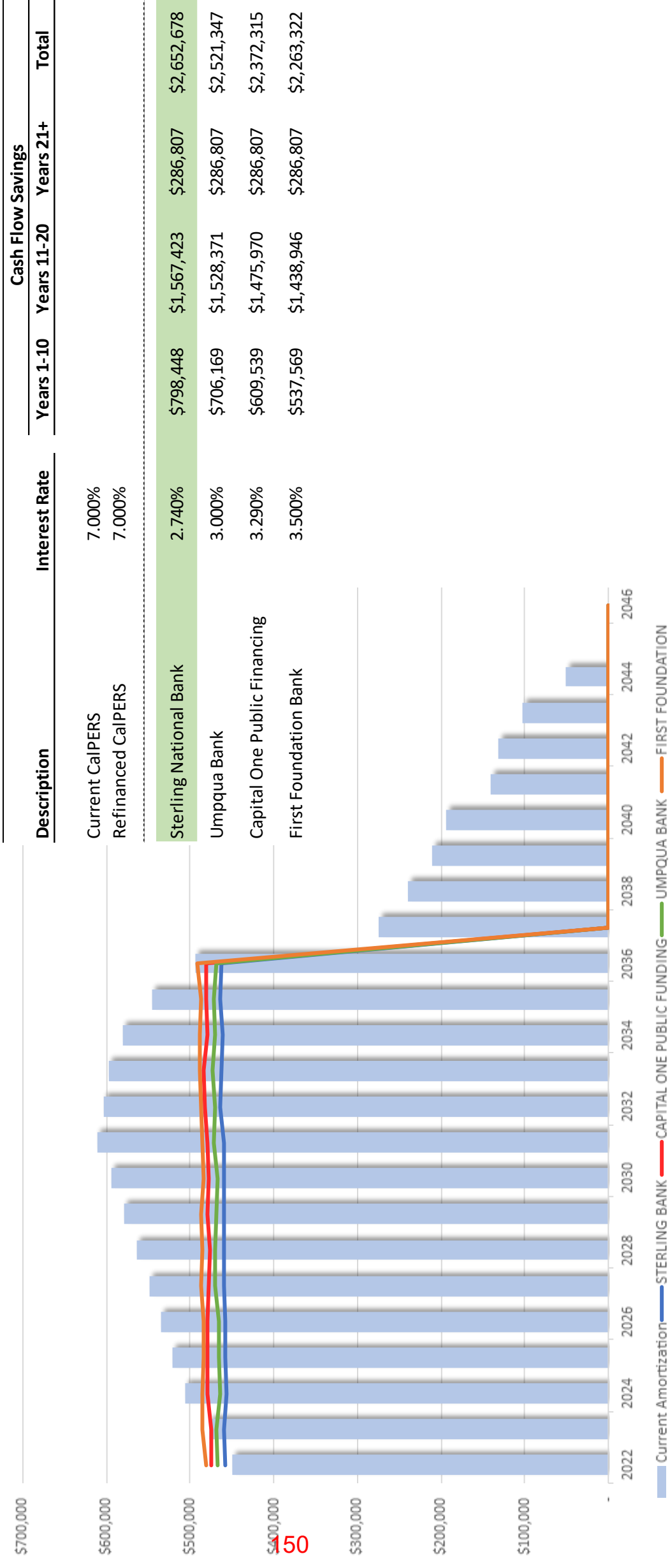
# SUMMARY OF ESTIMATED SAVINGS

Description	Term	Interest Rate	Annual Cost		Cash Flow Savings				
			Min	Max	Years 1-10	Years 11-20	Years 21+	Total	
Current CalPERS		7.000%	\$1,393	\$725,381					
Refinanced CalPERS		7.000%	\$1,282	\$610,406					
<hr/>									
Sterling National Bank	15-Year	2.740%	\$456,315	\$464,386	\$798,448	\$1,567,423	\$286,807	\$2,652,678	
Umpqua Bank	15-Year	3.000%	\$464,550	\$472,500	\$706,169	\$1,528,371	\$286,807	\$2,521,347	
Capital One Public Financing	15-Year	3.290%	\$474,076	\$483,398	\$609,539	\$1,475,970	\$286,807	\$2,372,315	
First Foundation Bank	15-Year	3.500%	\$480,825	\$491,625	\$537,569	\$1,438,946	\$286,807	\$2,263,322	
Umpqua Bank	20-Year	3.340%	\$383,817	\$392,692	\$1,520,794	(\$19,688)	\$286,807	\$1,787,913	
Capital One Public Financing	20-Year	3.700%	\$397,015	\$404,575	\$1,389,014	(\$145,809)	\$286,807	\$1,530,012	
First Foundation Bank	20-Year	3.700%	\$397,015	\$404,575	\$1,389,014	(\$145,809)	\$286,807	\$1,530,012	





# ESTIMATED SAVINGS – 15 YEAR



# ESTIMATED SAVINGS – 20 YEAR



# QUESTIONS?

---

Andrew Flynn

California Municipal Advisors LLC

(415) 310-1255

[andrew.flynn@calmuniadvisors.com](mailto:andrew.flynn@calmuniadvisors.com)

Cameron Weist

The Weist Law Firm

(831) 438-7900

[cameron@weistlaw.com](mailto:cameron@weistlaw.com)