
THIRD SUPPLEMENTAL INSTALLMENT SALE AGREEMENT

by and between the

CITY OF BRENTWOOD

and the

BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY

for the

CITY OF BRENTWOOD WATER PROJECT

Dated as of October 1, 2024

Relating to
\$[Par Amount]

BRENTWOOD INFRASTRUCTURE FINANCING AUTHORITY
WATER REVENUE REFUNDING BONDS,
SERIES 2024

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THIRD SUPPLEMENTAL INSTALLMENT SALE AGREEMENT

This Third Supplemental Installment Sale Agreement (this “Third Supplemental Installment Sale Agreement”), dated as of October 1, 2024, by and between City of Brentwood, a municipal corporation duly organized and existing under and by virtue of the laws of the State of California (the “City”), and the Brentwood Infrastructure Financing Authority, a joint exercise of powers authority duly organized and existing under and by virtue of the laws of the State of California (the “Authority”);

W I T N E S S E T H:

WHEREAS, the City and the Authority have executed and entered into a Master Installment Sale Agreement (the “Master Installment Sale Agreement”) as of November 1, 2008, for the acquisition and construction from time to time of additions, betterments and improvements to the Water System (as that term is defined in the Master Installment Sale Agreement, and herein the “Water System”) of the City;

WHEREAS, the Authority previously agreed to assist the City by acquiring and constructing those certain improvements for the water system of the City described in the First Supplemental Installment Sale Agreement, dated as of November 1, 2008 (the “First Supplemental Installment Sale Agreement”), between the City and the Authority, supplemental to the Master Installment Sale Agreement (the “2008 Water Project”) and by selling the 2008 Water Project to the City as provided in the Master Installment Sale Agreement, as supplemented by the First Supplemental Installment Sale Agreement and by refunding the unpaid installment payments due by the City for the purchase of those certain improvements for the water system of the City (the “1996 Water Project”) acquired under that certain 1996 Installment Sale Agreement (the “1996 Installment Sale Agreement”) executed and entered into as of December 1, 1996, by and between the City and the Authority, as provided in the First Supplemental Installment Sale Agreement; and

WHEREAS, the Authority previously agreed to assist the City in further refinancing a portion of the 2008 Water Project and a portion of the 1996 Water Project by refunding the aggregate principal amount of \$43,335,000 of the installment payments scheduled to become due under the First Supplemental Installment Sale Agreement (the “Refunded 2008 Payments”), as provided in the Second Installment Sale Agreement, dated as of December 1, 2024 (the “Second Supplemental Installment Sale Agreement”), between the City and the Authority, supplemental to the Master Installment Payment Agreement; and

WHEREAS, the Authority has agreed to assist the City in further refinancing a portion of the 2008 Water Project and a portion of the 1996 Water Project by refunding the aggregate principal amount of \$[_____] of the installment payments scheduled to become due under the Second Supplemental Installment Sale Agreement (the “Refunded Payments”); and

WHEREAS, the City and the Authority have determined that the refunding of the Refunded Payments is necessary and proper for the purposes of the City; and

WHEREAS, the City has determined to make payments to the Authority for the refunding of the Refunded Payments and the incidental costs and expenses related thereto as provided in this Third Supplemental Installment Sale Agreement; and

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

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

ARTICLE I

DEFINITIONS

SECTION 1.01. **Definitions.** Unless the context otherwise requires, the terms defined in Section 1.01 of the Master Installment Sale Agreement and in this section shall for all purposes hereof and of any certificate, opinion, report, request 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:

Continuing Disclosure Certificate

“Continuing Disclosure Certificate” means that certain Continuing Disclosure Certificate, executed by the City and dated the date of the original issuance of the Series 2024 Bonds as originally executed and as it may be amended from time to time in accordance with the terms thereof.

Escrow Agent

“Escrow Agent” means U.S. Bank Trust Company, National Association, as escrow agent.

Escrow Agreement

“Escrow Agreement” means that certain Escrow Agreement, dated October 1, 2024, by and between the Authority and the Escrow Agent.

First Supplemental Installment Sale Agreement

“First Supplemental Installment Sale Agreement” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

Master Installment Sale Agreement

“Master Installment Sale Agreement” means that certain Master Installment Sale Agreement dated as of November 1, 2008, by and between the City and the Authority, as originally executed and entered into and as it may from time to time be amended or supplemented in accordance with the terms thereof.

1996 Installment Sale Agreement

“1996 Installment Sale Agreement” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

1996 Water Project

“1996 Water Project” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

Refunded Payments

“Refunded Payments” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

Refunded 2008 Payments

“Refunded 2008 Payments” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

Refunding Price

“Refunding Price” means the principal amount of the 2024 Payments plus the interest thereon owed by the City to the Authority for the refunding of the Refunded Payments under the terms hereof pursuant to Section 2.02.

Second Supplemental Installment Sale Agreement

“Second Supplemental Installment Sale Agreement” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

Series 2024 Bonds

“Series 2024 Bonds” means the Brentwood Infrastructure Financing Authority Water Revenue Refunding Bonds, Series 2024 issued and outstanding under the Trust Agreement.

Third Supplemental Installment Sale Agreement

“Third Supplemental Installment Sale Agreement” means this Third Supplemental Installment Sale Agreement, dated as of October 1, 2024, by and between the City and the Authority supplemental to the Master Installment Sale Agreement.

Trustee

“Trustee” means U.S. Bank Trust Company, National Association, or any other banking Authority that may at any time be substituted in its place as provided in the Trust Agreement.

2008 Water Project

“2008 Water Project” has the meaning given to such term in the recitals to this Third Supplemental Installment Sale Agreement.

2024 Payments

“2024 Payments” means the Payments scheduled to be paid by the City under Section 2.03.

ARTICLE II

TERMS OF THE THIRD SUPPLEMENTAL INSTALLMENT SALE AGREEMENT

SECTION 2.01. [Authority for the Third Supplemental Installment Sale Agreement.](#) The City has reviewed all proceedings heretofore taken relative to the authorization of the Third Supplemental Installment Sale Agreement and has found, as a result of such review, and hereby finds and determines that all acts, conditions and things required by law to exist, happen or be performed precedent to and in connection with the execution and entering into hereof do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now duly authorized, pursuant to each and every requirement of law and the Master Installment Sale Agreement, to execute and enter into this Third Supplemental Installment Sale Agreement in the manner and form provided herein.

SECTION 2.02. [Purpose of the Third Supplemental Installment Sale Agreement.](#)

(a) The purpose of this Third Supplement Installment Sale Agreement is to provide for the refunding of the Refunded Payments.

(b) The City agreed under the terms of the 1996 Installment Sale Agreement to acquire the 1996 Water Project from the Authority, and the Authority agreed under the terms of the 1996 Installment Sale Agreement to sell the 1996 Water Project to the City, which agreements shall remain in full force and effect. The City agreed under the terms of the Master Installment Sale Agreement and the First Supplemental Installment Sale Agreement to acquire the 2008 Water Project from the Authority, and the Authority agreed under the terms of the Master Installment Sale Agreement and the First Supplemental Installment Sale Agreement to sell the 2008 Water Project to the City, which agreements shall remain in full force and effect. The Authority agreed under the terms of the Master Installment Sale Agreement and the Second

Supplemental Installment Sale Agreement to refinance a portion of the 2008 Water Project and a portion of the 1996 Water Project by prepaying the Refunded 2008 Payments, and the City agreed under the terms of the Master Installment Sale Agreement and the Second Supplemental Installment Sale Agreement to pay the Refunded Payments in consideration thereof.

The Authority hereby agrees to cause the Trustee to deliver to the Escrow Agent for deposit in accordance with the Escrow Agreement so much of the proceeds of the sale of the Series 2024 Bonds as may be necessary for the prepayment of the principal components of the Refunded Payments, together with the interest components thereon, as provided in the Escrow Agreement, and in consideration thereof the City agrees to pay to the Authority the Refunding Price as provided herein.

(c) The Refunding Price to be paid by the City to the Authority hereunder is the sum of the principal amount of the City’s obligation hereunder plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, subject to prepayment as provided in Section 2.04.

(d) The principal amount of the Refunding Price to be paid by the City to the Authority hereunder is [_____] dollars (\$[Par Amount]). The interest to accrue on the unpaid balance of the principal amount of the Refunding Price shall be paid by the City as and shall constitute interest paid on the principal amount of the Refunding Price hereunder. Said interest shall accrue from [Closing Date], on the principal component of each 2024 Payment at the following rates:

Principal Component Payable <u>(July 1)</u>	<u>Principal Amount</u> \$	<u>Interest Rate</u> (per annum) %
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SECTION 2.03. [Payment of 2024 Payments](#). The City shall, subject to any rights of prepayment provided in Section 2.04, pay the Authority for the Refunding Price without offset or deduction of any kind, by paying the principal installments of the 2024 Payments annually in the amounts and on July 1 in each of the years and in accordance with Section 2.02(d) hereof, together with the interest installments of the 2024 Payments (which interest

installments shall be paid semi-annually on each January 1 and July 1, commencing January 1, 2025, and shall constitute interest paid on the principal amount of the City's obligation to make the 2024 Payments to the Authority hereunder).

The obligation of the City hereunder shall constitute a "Parity Obligation" under the Master Installment Sale Agreement.

The obligation of the City to make the 2024 Payments from Net Water Revenues to the Authority hereunder is, subject to Section 7.01 of the Master Installment Sale Agreement, absolute and unconditional, and until such time as the 2024 Payments shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article VI of the Master Installment Sale Agreement), the City shall not discontinue or suspend any 2024 Payment required to be paid by it under this section when due, whether or not the Water System or any part thereof is operating or operable, or its use is suspended, interfered with, reduced, curtailed or terminated in whole or in part, and such 2024 Payments shall not be subject to reduction whether by offset, abatement or otherwise and shall not be conditional upon the performance or non-performance by any party to any agreement for any cause whatsoever.

SECTION 2.04. [Prepayment of 2024 Payments](#). [The principal amounts of the 2024 Payments due on July 1, 20__, through and including July 1, 20__, are not subject to prepayment.] The City may prepay from any source of available funds on any date on or after July 1, 20__, all or any part of the principal amount of the unpaid 2024 Payments becoming due and payable on or after July 1, 20__, in such order of prepayment as the City may determine, at a prepayment price equal to the sum of the principal amount prepaid, plus accrued interest to the date of prepayment, without premium.

Before making any prepayment pursuant to this section, the City shall give written notice to the Authority describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than twenty (20) nor more than sixty (60) days following the date such notice is given; provided, that notwithstanding any such prepayment, the City shall not be relieved of its obligations hereunder, including specifically its obligations under this article, until all the 2024 Payments shall have been fully paid (or provision for payment thereof shall have been made pursuant to Article VI of the Master Installment Sale Agreement).

SECTION 2.05. [Compliance with Master Installment Sale Agreement](#). The City shall pay the 2024 Payments and observe and perform all of the agreements, conditions, covenants and terms contained in the Master Installment Sale Agreement in accordance with the provisions of the Master Installment Sale Agreement.

SECTION 2.06. [Tax Covenants](#). The City agrees and covenants that it will at all times do and perform all acts and things permitted by law and the Third Supplemental Installment Sale Agreement and the Trust Agreement which are necessary in order to assure that interest paid on the Series 2024 Bonds (or any of them) will be excluded from gross income for federal income tax purposes, and that it will take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the City agrees and covenants to comply with the provisions of the

Tax Certificate related to the Series 2024 Bonds which are incorporated herein. This covenant shall survive payment in full or defeasance of the Series 2024 Bonds.

SECTION 2.07. [Continuing Disclosure](#). The City agrees and covenants that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of this Third Supplemental Installment Sale Agreement, failure of the City to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default under the Master Installment Sale Agreement or the Trust Agreement; provided that the Trustee may (and, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Certificate) or the Holders of at least twenty-five percent (25%) in aggregate principal amount of Outstanding Series 2024 Bonds and upon being provided with indemnification reasonably acceptable to it, shall) or any Holder or Beneficial Owner (as defined in the Continuing Disclosure Certificate) may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this section.

SECTION 2.08. [Third Supplemental Installment Sale Agreement Subject to the Master Installment Sale Agreement](#). Except as herein otherwise expressly provided, every condition and term contained in the Master Installment Sale Agreement shall apply hereto with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform hereto.

IN WITNESS WHEREOF, the parties hereto have executed and entered into this Third Supplemental Installment Sale Agreement by their officers thereunto duly authorized as of the day and year first written above.

CITY OF BRENTWOOD

By _____
Director of Finance
& Information Systems

BRENTWOOD INFRASTRUCTURE
FINANCING AUTHORITY

By _____
Treasurer/Controller

ACCEPTANCE OF APPOINTMENT

The undersigned hereby accepts the responsibilities imposed on it herein.

Director of Finance & Information
Systems of the City of Brentwood