

October 17, 2003 FINAL DRAFT

PERMANENT FINANCING  
CAPITAL FACILITIES FEE AGREEMENT

Dated as of October 1, 2003

By and Between

CITY OF MERCED, CALIFORNIA

and

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

This Permanent Financing Capital Facilities Fee Agreement, dated as of October 1, 2003 (the "Agreement"), is entered into by and between the City of Merced, California (the "City"), and The Regents of the University of California ("The Regents").

WITNESSETH:

WHEREAS, The Regents are establishing a tenth campus of the University of California in the vicinity of the City ("UCM") the first phase of which (the "Phase One UCM Campus") is described in Exhibit A hereto and is expected to be operational on or before September 30, 2005;

WHEREAS, The Regents have requested that the City provide water and sewer services to the Phase One UCM Campus;

WHEREAS, the City is willing to provide water and sewer services to the Phase One UCM Campus pursuant to the terms of a Contract for Water and Sewer Services dated as of March 17, 2003, by and between the City and The Regents (the "Service Contract"), but in order for the City to provide such services it will have to construct the Facilities described in Exhibit B hereto (the "Facilities");

WHEREAS, the City has received a commitment for construction financing from County Bank in an amount not exceed nine million dollars (\$9,000,000) for Project Costs;

WHEREAS, the City and County Bank have entered into certain loan documents ("County Bank loan documents") which provide for County Bank to loan the City up to nine million dollars (\$9,000,000) for the construction of the Facilities which loan shall be secured by an Interim Financing Capital Facilities Fee Agreement ("Interim Financing CFFA") similar to this Agreement;

WHEREAS, this Agreement shall not be effective absent a release by County Bank of the Interim Financing CFFA, such signed release constituting Exhibit D hereto;

WHEREAS, the City now desires to obtain from the California Infrastructure and Economic Development Bank (the "CIEDB") permanent financing in an aggregate amount of nine million dollars (\$9,000,000) for the Project Costs;

WHEREAS, to such end, the City has concurrently herewith entered into an Enterprise Fund Installment Sale Agreement with the CIEDB (the "Installment Sale Agreement") pursuant to which, among other things, the City has agreed to convey the Facilities to the CIEDB upon the completion thereof in accordance with the terms of the Installment Sale Agreement, to repurchase them from the CIEDB and, in connection therewith, to pay to the CIEDB (in addition to the other amounts provided for in the Installment Sale Agreement) installment payments on the dates and in the amounts specified in Exhibit E to the Installment Sale Agreement plus "additional payments" as specified in Section 2.04(f) of the Installment Sale Agreement (collectively, the "ISA Payments") which the CIEDB may apply, along with certain other revenues, to the payment of debt service on bonds issued or to be issued by it to finance various projects including, but not limited to, the Facilities (the "Bonds");

WHEREAS, the CIEDB's execution and delivery of the Installment Sale Agreement is

conditioned, among other things, upon its receipt of a fully executed copy of this Agreement;

WHEREAS, the Facilities will be used primarily to provide water and sewer services to the Phase One UCM Campus, and may also, in accordance with the terms of the Service Contract, provide services to third parties on non-preferential terms, and upon normal rates and charges, in accordance with the Merced Municipal Code, but only if such use will not result in the inclusion of interest on the Bonds in gross income for California and federal income tax purposes;

WHEREAS, Section 54999.3 of the Government Code of the State of California permits a public agency such as the City to impose a capital facilities fee on The Regents if the amount of such capital facilities fee has been agreed to by the public agency and The Regents through negotiations entered into by both parties;

WHEREAS, the City and The Regents have heretofore entered into negotiations concerning the imposition by the City of a capital facilities fee on The Regents to pay the costs incurred by the City in connection with the Facilities, as represented by the ISA Payments, and the City and The Regents agree that (i) such a fee, in an aggregate amount equal to the aggregate amount of the ISA Payments, payable in the amounts and on the dates specified in the schedule attached hereto as Exhibit C (the "Capital Facilities Fee"), is an appropriate fee to be so imposed, (ii) the City has the legal authority to impose the Capital Facilities Fee on The Regents and (iii) subject to the provisions of this Agreement and the Service Contract, The Regents have accepted the responsibility to pay the Capital Facilities Fee; and

WHEREAS, The Regents desire to enter into this Agreement to provide for the payment by The Regents to the City of the Capital Facilities Fee;

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and agreed, the parties hereto do agree as follows:

Section 1. Representations and Warranties.

(a) Representations and Warranties of The Regents. The Regents represent and warrant to the City that:

- (i) The recitals set forth above are true and correct;
- (ii) As of the date of this Agreement, The Regents has requisite right, power and authority to enter into this Agreement;
- (iii) As of the date of this Agreement, all authorizations, approvals, licenses, consents and orders of any governmental authority or agency having jurisdiction of the matter that would constitute a condition precedent to, or the absence of which would materially and adversely affect, the execution of this Agreement by The Regents and the performance by The Regents of its obligations under this Agreement (other than the appropriation by the State of California (the "State") of the money necessary to pay the Capital Facilities Fee) have been obtained; and

(iv) This Agreement constitutes the legal, valid and binding obligation of The Regents enforceable in accordance with its terms.

(b) Representations and Warranties of the City. The City represents and warrants to The Regents that:

(i) The recitals set forth above are true and correct;

(ii) As of the date of this Agreement, the City has requisite right, power and authority to enter into this Agreement;

(iii) As of the date of this Agreement, all authorizations, approvals, licenses, consents and orders of any governmental authority or agency having jurisdiction of the matter that would constitute a condition precedent to, or the absence of which would materially and adversely affect, the execution of this Agreement by the City and the performance by the City of its obligations under this Agreement have been obtained or, in the case of the encroachment permit to be issued by Merced County, will be obtained prior to commencement of construction of the Facilities; and

(iv) This Agreement constitutes the legal, valid and binding obligation of the City enforceable in accordance with its terms.

Section 2. Capital Facilities Fee. Subject to the City's delivery of the notice of completion provided for in the Installment Sale Agreement (the "Notice of Completion"), and receipt by the parties of the Exhibit D County Bank release, The Regents shall pay to the City the Capital Facilities Fee in the amounts and on the dates specified in the schedule attached hereto as Exhibit C, provided that The Regents shall not be required to make the first such payment until at least five (5) days after the City's delivery of the Notice of Completion. The City covenants that it will use such payments to make payments to the CIEDB under the Installment Sale Agreement, and The Regents understand that such payments may be used by the CIEDB to pay debt service on the Bonds. Moreover, the determination by the CIEDB as to the use of the Capital Facilities Fee shall not change the amount or timing thereof, except that portion of the Capital Facilities Fee representing optional prepayment. All payments made by The Regents on account of the Capital Facilities Fee shall be deposited by the City in the University Capital Charge Fund, and once such payments have been made by The Regents, The Regents' obligation to pay such part of the Capital Facility Fee shall be deemed immediately fulfilled.

To the extent that other users along the corridor of the Project connect to and receive City water and sewer service from the Project, the City shall collect fees or charges from third party users ("Connection Fees") and shall immediately deposit all Connection Fees, without offsets or deductions of any kind, into the University Capital Charge Fund held by the City. The City shall not extend any discounts or fee waivers to such third party Project users, and the Connection Fees shall in no event be less than amounts charged to third party users which connect to the City water and sewer systems during the same fiscal year, unless the City pays the amount of any discount or fee waiver to the University Capital Charge Fund at the time otherwise due for the payment of the Connection Fees. The City agrees to amend the Municipal Code so that The Regents shall be entitled to receive credit in determining the Capital Facilities Fees for any

Connection Fees paid into the University Capital Charge Fund within thirty (30) years of the date of this Agreement.

Within thirty (30) days of the deposit of any Connection Fees in the University Capital Charge Fund, the City shall provide to The Regents a Notice of Modified Schedule of Payments due to the City hereunder. The Notice of Modified Schedule of Payments shall be computed in accordance with Section 5(f) of the Service Contract. Such Notice of Modified Schedule of Payments shall provide for an immediate credit against The Regent's obligations under this Agreement in the amount of such deposit of any Connection Fees on a dollar for dollar basis until the full amount of such deposit has been so credited. Interest earned on funds in the University Capital Charge Fund shall accrue to and remain in the University Capital Charge Fund.

Section 3. Covenants of The Regents.

(a) Request for Funds, Budgets and Appropriations. The Regents shall take all such actions as may be necessary to include the Capital Facilities Fee due under this Agreement for each fiscal year in its annual budget. The Regents will furnish to each of the City and the CIEDB a copy of each such annual budget within thirty (30) days after the adoption thereof by The Regents, with a reference to the portion thereof that contains the appropriation to pay the Capital Facilities Fee payable hereunder in such fiscal year.

(b) Tax Exemption of Bonds.

(1) The Regents shall not permit the water or sewer service furnished to the Phase One UCM Campus to be used in a manner which would cause the Bonds to be "private activity bonds" within the meaning of Section 141 of the Tax Code and specifically shall not allow either such service to be used in the trade or business of any "non-governmental person," as defined in Treasury Regulations Section 1.141-1(b), other than in their roles as members of the general public. This restriction is in addition to any other restriction on water or sewer service contained in the Service Contract.

(2) Absent an opinion of nationally recognized bond counsel acceptable to CIEDB that the exclusion from gross income of interest on any Bonds will not be adversely affected for federal income tax purposes, all output received by The Regents with respect to the Project will be used for the general purposes of The Regents and not for resale to another person or entity.

(c) Duties Imposed by Law. The covenants on the part of The Regents herein contained shall be deemed to be and shall be construed to be duties imposed by law, and it shall be the duty of each and every public official of The Regents to take such action and do such things as are required by law in the performance of the official duty of such officials to enable The Regents to carry out and perform the agreements and covenants in this Agreement agreed to be carried out and performed by The Regents.

(d) Continuing Disclosure. Upon the request of the City, The Regents covenant to furnish the following data to the CIEDB in order to enable any underwriter to comply with Rule

15c2-12(b)(5) of the Securities and Exchange Commission in connection with the Bonds secured by the Installment Sales Agreement:

(1) The audited financial statements of the Regents for the prior fiscal year (presently June 30), prepared in accordance with generally accepted accounting principles applicable to public colleges and universities. If such audited financial statements are not available by seven months after the end of the fiscal year for The Regents, The Regents shall provide unaudited financial statements in a format that complies with current Generally Accepted Accounting Principles and the audited financial statements shall be provided when such financial statements become available.

Section 4. Obligation in the Event of Default.

(a) Written Demand. Upon failure of The Regents to (i) make any payment in full when due under this Agreement or (ii) perform any other obligation hereunder, the City shall make written demand upon The Regents. If a failure described in clause (i) above is not remedied within thirty (30) days from the date of such demand, such failure shall constitute a default at the expiration of such period. If a failure described in clause (ii) cannot be remedied within thirty (30) days from the date of such demand but The Regents commence remedial action within such thirty (30) day period and diligently pursue such remedial action to completion, such failure shall not constitute a default hereunder.

(b) Remedies Upon Default. Upon the failure of The Regents to make any payment within thirty (30) days from the date of the City's written demand, the City may give notice of termination of the Service Contract insofar as the same entitles The Regents to receive water and/or sewer service through the Facilities. Such notice shall be effective within thirty (30) days thereof unless such termination shall be enjoined, stayed or otherwise delayed by judicial action. Irrespective of such termination, The Regents shall remain liable to the City to pay the full amount of the Capital Facilities Fee as provided for herein.

(c) Enforcement of Remedies. In addition to the remedies set forth in this Section, upon the occurrence of a default under this Agreement, the City shall be entitled to proceed to protect and enforce the rights vested in the City by this Agreement by such appropriate judicial proceeding as the City shall deem most effectual, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained herein or to enforce any other legal or equitable right vested in the City by this Agreement or by law. The provisions of this Agreement and the duties of each party hereof, their respective boards, officers or employees shall be enforceable by the other party hereto by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, with the losing party paying all costs and attorney fees.

(d) CIEDB Is Third Party Beneficiary. The City and The Regents agree that the CIEDB shall have the right, as a third party beneficiary of this Agreement, to initiate and maintain suit to enforce this Agreement to the fullest extent allowable under applicable law.

(e) The Regents' Termination Rights. Nothing in the foregoing shall be deemed to limit The Regents' termination right set forth in Section 14(b) of the Service Contract, and on termination of the Service Contract thereunder, this Agreement shall automatically terminate on the same date.

Section 5. Amounts Remaining in University Capital Charge Fund. Following the City's payment in full of all amounts due under the Installment Sale Agreement, any amounts remaining in the University Capital Charge Fund shall be paid to The Regents.

Section 6. Term. The term of this Agreement shall continue until the date on which all amounts due under the Installment Sale Agreement have been paid in full.

Section 7. Assignment. The City may pledge and assign to the CIEDB or any trustee for Bonds, all or any portion of the payments received under this Agreement from The Regents and the City's other rights and interests under this Agreement.

Section 8. Miscellaneous.

(a) Headings. The headings of the sections hereof are inserted for convenience only and shall not be deemed a part of this Agreement.

(b) Partial Invalidity. If any one or more of the covenants or agreements provided in this Agreement to be performed should be determined to be invalid or contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

(c) Counterparts. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument. No counterpart shall be deemed to be an original or presumed delivered unless and until each party is in possession of the counterpart executed by the other party.

(d) Governing Law; Venue. This Agreement shall be construed in accordance with and governed by the Constitution and laws of the State of California applicable to contracts made and performed in the State of California. This Agreement shall be enforceable in the State of California and any action arising hereunder shall be filed and maintained in Sacramento County, California.

(e) Notices. Any notices required or permitted to be given hereunder shall be given in writing and shall be delivered (a) in person, (b) by certified mail, postage prepaid, return receipt requested, (c) by Federal Express or another reputable commercial overnight courier that guarantees next day delivery and provides a receipt, or (d) by telefacsimile or telecopy, and such notices shall be addressed as follows:

If to the City:                      City of Merced  
    678 West 18<sup>th</sup> Street  
    Merced, CA 95430  
    Attn: City Manager, with a copy to the City Attorney

If to The Regents:                  UCM-Vice Chancellor-Administration  
    P.O. Box 2039  
    Merced, California 95344

With a copy to           The Regents of the University of California  
1111 Franklin Street, 8<sup>th</sup> Floor  
Oakland, CA 94607  
Attn: Office of the General Counsel

If to the CIEDB:       California Infrastructure and Economic Development Bank  
1102 Q Street, Suite 6000  
Sacramento, California 95814  
Attn: Credit Support Manager  
CIEDB #03-043

or to such other address as either party may from time to time specify in writing to the other party. Any notice shall be deemed delivered when actually delivered, if such delivery is in person, upon deposit with the U.S. Postal Service, if such delivery is by certified mail, upon deposit with the overnight courier service, if such delivery is by an overnight courier service, and upon transmission, if such delivery is by telefacsimile or telecopy.

(f)     Merger of Prior Agreements. This Agreement and the exhibits hereto constitute the entire agreement between the parties and supersede all prior agreements and understandings between the parties relating to the subject matter hereof. This acknowledgement pertains solely to the matters covered hereunder. It is understood and agreed by the parties that the Service Contract is also an agreement between the parties.

(g)     Time of the Essence. Time is of the essence in the performance of this Agreement.

(h)     Conflict with Service Contract. In the event of any inconsistency between the provisions of this Agreement and the provisions of any other agreement between the City and The Regents, including but not limited to the Service Contract, the provisions of this Agreement shall prevail; and no provision of this Agreement or any other agreement between the City and The Regents shall be construed as permitting The Regents to take any action or to omit to take any action if the effect thereof would be to prevent or to limit in any way the right of the City to receive payment of the Capital Facilities Fee.

(i)     Assignment prohibition. Except as provided in Section 7 of this Agreement, neither the City nor The Regents shall assign its rights or responsibilities hereunder without the prior written approval of the other party and CIEDB, which approval shall not unreasonably be withheld.

(j)     Inspection and copies.

(1)     The City agrees that The Regents or its designees may inspect the City's records and accounts pertaining to the Capital Facilities Fee at all times during business hours.

(2)     The City shall provide to The Regents at the same time it provides to CIEDB the audited financing statements and annual certificate required pursuant to Sections 5.03(b) and (c) of the Installment Sale Agreement.

(k) The City to Perform Under Installment Sale Agreement and Indemnify The Regents. City covenants to timely perform all of its obligations under the Installment Sales Agreement and shall indemnify, except as to any claim, loss, or demand resulting from the Regents failure to timely make required payments, The Regents for all claims, losses, damages or expenses which may arise from or be connected in any way with City's failure to perform such obligations, including, without limitation, any payment which may be imposed under the provisions of Section 2.04(f)(2) of the Installment Sales Agreement. The City and The Regents agree that any claim to indemnity is outside the provisions of this Agreement and no rights to indemnity shall result in any offsets or deductions of any kind hereunder.

(l) Effectiveness. This Agreement shall only be effective upon compliance with all conditions to The Regents' obligations to make payment under Section 2 hereof.

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

CITY OF MERCED

By: William D. Cahill  
Assistant  
Its: City Manager (Acting)

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

By: [Signature]  
Its: Vice Chancellor Administration  
Univ of California, Merced

APPROVED AS TO FORM:

[Signature]  
GREGORY G. DIAZ  
City Attorney

**Exhibit A**  
**Description of Phase One of UCM Campus**

**Location:** Phase One of the UC Merced Campus ("Phase One UCM Campus") will be sited on a portion of an existing golf course that was built on the southwest corner of the Virginia Smith Trust lands in 1994. Approximately one-half of the existing golf course site is available for Phase One development.

**Infrastructure:** The Phase One UCM Campus will accommodate all of the buildings needed by the campus to commence the opening of the campus through the 2007/2008 academic year.

On opening day in 2004, the campus is expected to include the following:

- 120,000 square foot library and information technology center.
- 100,000 square foot science and engineering building.
- 60,000 square foot humanities, arts and social sciences building.
- 20,000 square foot central plant to provide for the heating and cooling needs of the campus.
- Housing for approximately 600 students.
- Food service facilities for use by resident and commuter communities.
- Recreational and athletic facilities to meet the needs of the students in these first years of campus operations.
- Temporary and permanent parking facilities.
- Roads, bridges and utility systems to make the campus interconnected.

By the 2007/2008 academic year, the campus will include these additional elements:

- A 67,000 square foot science and engineering building to augment the original facility.
- A 60,000 square foot social sciences building.
- A 20,000 square foot logistics and support building to house healthcare, safety, maintenance, mail and distribution, purchasing and materials management functions.
- Additional recreational and athletic facilities, student housing for 1,600 students and permanent parking.

**Exhibit B**  
**Description of Facilities**

Water. The Facilities include a sixteen (16) inch water line extended northerly from the present terminus of the City water lines, in North G Street near Cormorant Drive. This water line shall be extended north in G Street to Bellevue Road, and then east along Bellevue Road to a connection point near the boundary of the Phase One UCM Campus near the intersection of Bellevue and Lake Roads.

The City water line shall connect to the Phase One UCM Campus water system through a metered connection, and thence to a UCM storage tank, located on Phase One UCM Campus near the corner of Bellevue and Lake Roads. Said storage tank shall be constructed and owned by UCM as part of its distribution system and the City shall have no maintenance responsibility for the tank. The City water supply line shall discharge to the UCM storage tank through an air gap or double check valve assembly so that the City and UCM water distribution systems are separate from an operational standpoint. UCM shall provide its own on-campus water booster pump to maintain adequate pressures, and such pump shall not be provided as part of this Facilities. A City well shall be located on the UCM campus, and the well site shall be dedicated to the City at no additional charge or cost by The Regents, including value of the real property so dedicated. However, the well is not part of the Facilities nor considered part of Project Costs, but will be developed at the City's expense.

Sewer. The Facilities include a sanitary sewer line to be extended northerly from the present terminus of the City sewer lines, in North G Street near Cormorant Drive. The size of the line at its current terminus is twenty-seven (27) inches. A twenty-seven (27) inch sewer line shall be extended north in G Street to Cardella Road; the line becomes twenty-four (24) inches from Cardella Road to a point on Bellevue Road approximately 2,300 feet east of North G Street, and shall then be twenty-one (21) inches in size along Bellevue Road to a connection point near the boundary of the UCM Campus near the intersection of Bellevue and Lake Roads.

**Exhibit C  
Capital Facilities Fee**

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-May-2004	\$9,000,000						
1-Aug-2004	\$9,000,000		\$71,325	\$71,325	\$27,000	\$98,325	
1-Feb-2005	\$9,000,000		\$142,650	\$142,650		\$142,650	\$240,975
1-Aug-2005	\$8,965,000	\$35,000	\$142,650	\$177,650	\$27,000	\$204,650	
1-Feb-2006	\$8,965,000		\$142,095	\$142,095		\$142,095	\$346,745
1-Aug-2006	\$8,890,000	\$75,000	\$142,095	\$217,095	\$26,895	\$243,990	
1-Feb-2007	\$8,890,000		\$140,907	\$140,907		\$140,907	\$384,897
1-Aug-2007	\$8,790,000	\$100,000	\$140,907	\$240,907	\$26,670	\$267,577	
1-Feb-2008	\$8,790,000		\$139,322	\$139,322		\$139,322	\$406,898
1-Aug-2008	\$8,665,000	\$125,000	\$139,322	\$264,322	\$26,370	\$290,692	
1-Feb-2009	\$8,665,000		\$137,340	\$137,340		\$137,340	\$428,032
1-Aug-2009	\$8,540,000	\$125,000	\$137,340	\$262,340	\$25,995	\$288,335	
1-Feb-2010	\$8,540,000		\$135,359	\$135,359		\$135,359	\$423,694
1-Aug-2010	\$8,350,000	\$190,000	\$135,359	\$325,359	\$25,620	\$350,979	
1-Feb-2011	\$8,350,000		\$132,348	\$132,348		\$132,348	\$483,327
1-Aug-2011	\$8,150,000	\$200,000	\$132,348	\$332,348	\$25,050	\$357,398	
1-Feb-2012	\$8,150,000		\$129,178	\$129,178		\$129,178	\$486,575
1-Aug-2012	\$7,925,000	\$225,000	\$129,178	\$354,178	\$24,450	\$378,628	
1-Feb-2013	\$7,925,000		\$125,611	\$125,611		\$125,611	\$504,239
1-Aug-2013	\$7,700,000	\$225,000	\$125,611	\$350,611	\$23,775	\$374,386	
1-Feb-2014	\$7,700,000		\$122,045	\$122,045		\$122,045	\$496,431
1-Aug-2014	\$7,450,000	\$250,000	\$122,045	\$372,045	\$23,100	\$395,145	
1-Feb-2015	\$7,450,000		\$118,083	\$118,083		\$118,083	\$513,228
1-Aug-2015	\$7,175,000	\$275,000	\$118,083	\$393,083	\$22,350	\$415,433	
1-Feb-2016	\$7,175,000		\$113,724	\$113,724		\$113,724	\$529,156
1-Aug-2016	\$6,875,000	\$300,000	\$113,724	\$413,724	\$21,525	\$435,249	
1-Feb-2017	\$6,875,000		\$108,969	\$108,969		\$108,969	\$544,218
1-Aug-2017	\$6,575,000	\$300,000	\$108,969	\$408,969	\$20,625	\$429,594	
1-Feb-2018	\$6,575,000		\$104,214	\$104,214		\$104,214	\$533,808
1-Aug-2018	\$6,250,000	\$325,000	\$104,214	\$429,214	\$19,725	\$448,939	
1-Feb-2019	\$6,250,000		\$99,063	\$99,063		\$99,063	\$548,001
1-Aug-2019	\$5,925,000	\$325,000	\$99,063	\$424,063	\$18,750	\$442,813	
1-Feb-2020	\$5,925,000		\$93,911	\$93,911		\$93,911	\$536,724
1-Aug-2020	\$5,575,000	\$350,000	\$93,911	\$443,911	\$17,775	\$461,686	
1-Feb-2021	\$5,575,000		\$88,364	\$88,364		\$88,364	\$550,050
1-Aug-2021	\$5,225,000	\$350,000	\$88,364	\$438,364	\$16,725	\$455,089	
1-Feb-2022	\$5,225,000		\$82,816	\$82,816		\$82,816	\$537,905
1-Aug-2022	\$4,850,000	\$375,000	\$82,816	\$457,816	\$15,675	\$473,491	

Payment Date	Ending Principal Balance	Principal Payment	Interest Payment	Total Principal & Interest	Annual Fee	Total Payment	Total Payment Fiscal Year Ending 30-Jun
1-Feb-2023	\$4,850,000		\$76,873	\$76,873		\$76,873	\$550,364
1-Aug-2023	\$4,475,000	\$375,000	\$76,873	\$451,873	\$14,550	\$466,423	
1-Feb-2024	\$4,475,000		\$70,929	\$70,929		\$70,929	\$537,351
1-Aug-2024	\$4,075,000	\$400,000	\$70,929	\$470,929	\$13,425	\$484,354	
1-Feb-2025	\$4,075,000		\$64,589	\$64,589		\$64,589	\$548,943
1-Aug-2025	\$3,675,000	\$400,000	\$64,589	\$464,589	\$12,225	\$476,814	
1-Feb-2026	\$3,675,000		\$58,249	\$58,249		\$58,249	\$535,063
1-Aug-2026	\$3,250,000	\$425,000	\$58,249	\$483,249	\$11,025	\$494,274	
1-Feb-2027	\$3,250,000		\$51,513	\$51,513		\$51,513	\$545,786
1-Aug-2027	\$2,825,000	\$425,000	\$51,513	\$476,513	\$9,750	\$486,263	
1-Feb-2028	\$2,825,000		\$44,776	\$44,776		\$44,776	\$531,039
1-Aug-2028	\$2,375,000	\$450,000	\$44,776	\$494,776	\$8,475	\$503,251	
1-Feb-2029	\$2,375,000		\$37,644	\$37,644		\$37,644	\$540,895
1-Aug-2029	\$1,925,000	\$450,000	\$37,644	\$487,644	\$7,125	\$494,769	
1-Feb-2030	\$1,925,000		\$30,511	\$30,511		\$30,511	\$525,280
1-Aug-2030	\$1,450,000	\$475,000	\$30,511	\$505,511	\$5,775	\$511,286	
1-Feb-2031	\$1,450,000		\$22,983	\$22,983		\$22,983	\$534,269
1-Aug-2031	\$975,000	\$475,000	\$22,983	\$497,983	\$4,350	\$502,333	
1-Feb-2032	\$975,000		\$15,454	\$15,454		\$15,454	\$517,786
1-Aug-2032	\$500,000	\$475,000	\$15,454	\$490,454	\$2,925	\$493,379	
1-Feb-2033	\$500,000		\$7,925	\$7,925		\$7,925	\$501,304
1-Aug-2033	\$0	\$500,000	\$7,925	\$507,925	\$1,500	\$509,425	
1-Feb-2034			\$0	\$0		\$0	\$509,425
Total Payments:		\$9,000,000	\$5,346,205	\$14,346,205	\$526,200	\$14,872,405	\$14,872,405

**NOTE:** This amortization schedule is an estimate only and assumes that the total amount of Project Funds will be disbursed as of May 1, 2004. Please note that prior to the Bond Date during the interest only period, ISA Payments will be calculated on amounts disbursed. Principal shall be due as scheduled below. A replacement amortization schedule will be sent to the Purchaser upon the Bond Date.

**Exhibit D**  
**County Bank Release**

County Bank entered into a loan agreement with the City of Merced ("City") dated as of October \_\_, 2003 ("Loan Agreement") to provide construction financing ("Loan") for City water and sewer improvements ("Facilities") required for Phase One of the University of California Merced Campus. The Loan Agreement is secured by a capital facility fee agreement obligating The Regent of the University of California ("The Regents") to pay a fee for the availability of the Facilities (County Bank CFFA).

The Loan has been repaid in full and County Bank hereby releases its interest in the County Bank CFFA.

Signed this \_\_ day of \_\_\_\_\_, 200\_.

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

Its: \_\_\_\_\_