

INSTALLMENT SALE AGREEMENT #17-003

This Installment Sale Agreement dated March 21, 2019 (this "Agreement") is entered into by and between the Kensington Police Protection and Community Services District, a community services district duly organized under the laws of the State of California (the "District"), and Municipal Finance Corporation, a corporation duly organized under the laws of the State of California (the "Corporation");

WITNESSETH:

WHEREAS, the Corporation desires to sell the 2019 Project, as hereinafter defined, to the District, and the District desires to purchase the 2019 Project from the Corporation, subject to the terms and conditions of and for the purposes set forth in this Agreement; and

WHEREAS, the Corporation and the District are authorized under the Constitution and laws of the State of California to enter into this Agreement for the purposes set forth herein;

NOW, THEREFORE, for and in consideration of the premises hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS AND EXHIBITS; AUTHORIZATION OF PARTIES

Section 1.01. Definitions. The following terms will have meanings indicated below unless the context clearly requires otherwise:

Assignee

The term "Assignee" means Westamerica Bank, its successors and assigns.

Closing Date

The term "Closing Date" means the date on which the Corporation deposits with the District the funds required to be deposited by Section 3.01 of this Agreement.

Corporation

The term "Corporation" means Municipal Finance the Corporation, a California corporation.

District

The term "District" means Kensington Police Protection and Community Services District, a community services district duly organized and existing under and by virtue of the laws of the State of California.

Event of Default

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

Fiscal Year

The term "Fiscal Year" means the period beginning on July 1 of each year and ending on the last day of June of the subsequent year, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

General Fund

The term "General Fund" means the General Fund of the District being maintained in accordance with Section 5.02 hereof.

Net Proceeds

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

2019 Project

The term "2019 Project" means the additions, betterments, extensions and improvements described in Exhibit A hereto and as modified in conformance with Section 3.04 hereof.

Purchase Price

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

Revenues

The term "Revenues" means all *ad valorem* property taxes, assessments income, rents, rates, fees, charges and other moneys received by the District, including the balance of moneys in the General Fund, but exclusive of any moneys legally restricted by the law, regulation grant or contract that made said moneys available to the District for a purpose other the general operating expenses of the District, *ad valorem* taxes for the payment of general obligation bonds, assessments received for the payment of assessment bonds and special taxes received for the payment of bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982.

Series 2019 Installment Payment Date

The term "Series 2019 Installment Payment Date" means the date on which Installment Payments are scheduled to be paid by the District under and pursuant to this Agreement.

Series 2019 Installment Payments

The term "Series 2019 Installment Payments" means the Installment Payments scheduled to be paid by the District under and pursuant hereto.

Section 1.02. Exhibits. The following Exhibits are attached to, and by reference made a part of, this Agreement:

EXHIBIT A DESCRIPTION OF 2019 PROJECT

EXHIBIT B SCHEDULE OF SERIES 2019 INSTALLMENT PAYMENTS

Section 1.03. Authorization. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Agreement and has taken all actions necessary to authorize the execution of this Agreement by the officers and persons signing it, and that the transactions contemplated in this Agreement are in the ordinary course of business for both parties.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF DISTRICT AND CORPORATION

Section 2.01. Representations and Warranties of the District. The District represents and warrants, for the benefit of the Corporation and Assignee, as follows:

(a) The District is a community services district, duly organized and existing under and by virtue of the laws of the State of California.

(b) The District is authorized under the Constitution and laws of the State of California to enter into this Agreement, and to enter into the transactions contemplated and to carry out its obligations hereunder.

(c) The District has been duly authorized to execute and deliver this Agreement under the terms and provisions of the resolution of its governing body, or by other appropriate official approval, and further represents and warrants that all requirements have been met, and proceedings have been taken in order to ensure the enforceability of this Agreement, and the District has complied with such public bidding requirements as may be applicable to this Agreement and the acquisition by the District of the Project hereunder.

(d) Neither the execution and delivery of this Agreement or the related documents or exhibits attached hereto nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the District is now a party or by which the District is bound, or constitutes a default under any of the foregoing.

(e) The District is in compliance with the terms and covenants contained in this Agreement, and there is no Event of Default occurring under this Agreement.

(f) The 2019 Project will have a useful life in the hands of the District that is in excess of the term of this Agreement.

Section 2.02. Representations and Warranties of the Corporation. The Corporation represents and warrants to the District as follows:

(a) The Corporation is a corporation duly organized, existing and in good standing under and by virtue of the laws of the State of California; has power to enter into this Agreement; is possessed of full power to own and hold real and personal property, and to purchase and sell the same; is in a solvent financial condition as of the date hereof; and has duly authorized the execution and delivery of this Agreement.

(b) Neither the execution and delivery of this Agreement nor the fulfillment of or compliance with the terms and conditions hereof or thereof, nor the consummation of the transactions contemplated hereby or thereby, conflicts with or results in a breach of the terms, conditions or provisions of any restriction or any agreement or instrument to which the Corporation is now a party or by which the Corporation is bound, or constitutes a default under any of the foregoing.

(c) The Corporation is entering into this Agreement as a arm's length commercial transaction and is not acting in the capacity of a fiduciary of the District or 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.

ARTICLE III

ACQUISITION AND CONSTRUCTION OF THE 2019 PROJECT

Section 3.01. Acquisition and Construction of the 2019 Project; Deposit of Moneys. On the Closing Date the Corporation shall deposit the sum of \$250,000.00 to a special account established by the District (the "Project Fund"), which the District shall expend for the purpose of financing the acquisition, construction and installation of the 2019 Project. The District shall invest proceeds in the Project Fund in investments authorized by California law and the District's investment policy. Any unexpended proceeds in the Project Fund upon the completion of the 2019 Project shall be applied by the District towards the payment of Installment Payments.

The Corporation hereby appoints the District as its agent to carry out all phases of the acquisition, construction and installation of the 2019 Project and the District hereby accepts such appointment. The District shall enter into contracts and provide for, as agent for the Corporation, the complete construction, acquisition and installation of the 2019 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2019 Project to be diligently performed. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2019 Project and that all such costs and expenses shall be paid by the District, regardless of whether the funds deposited with the District are sufficient to cover all such costs and expenses.

Section 3.02. Sale of 2019 Project. The Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation, the 2019 Project at the purchase price specified in Section 4.01 hereof and otherwise in the manner and in accordance with the provisions of this Agreement.

Section 3.03. Title. All right, title and interest in the 2019 Project shall vest in the District immediately upon the acquisition and construction thereof. Such vesting shall occur without further action

by the Corporation or the District and the Corporation shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents required to assure such vesting.

Section 3.04. Changes to the 2019 Project. The District may substitute other improvements for those listed as components of the 2019 Project in Exhibit A hereto, but only if the District first files with the Corporation a statement of the District:

(a) identifying the improvements to be substituted and the improvements to the District facilities they replace in the 2019 Project; and

(b) stating that the estimated costs of construction, acquisition, and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.05. Disclaimer of Warranties. THE CORPORATION MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE VALUE, DESIGN, CONDITION, MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE OF THE 2019 PROJECT OR ANY PART THEREOF, OR AS TO THE FITNESS FOR ANY PARTICULAR USE OF THE 2019 PROJECT OR ANY PART THEREOF OR AS TO THE FITNESS OF THE 2019 PROJECT FOR THE USE CONTEMPLATED BY THE DISTRICT OR ANY PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO. THE DISTRICT ACKNOWLEDGES THAT THE CORPORATION IS NOT A CONTRACTOR OF THE 2019 PROJECT, THAT THE DISTRICT PURCHASES THE 2019 PROJECT "AS-IS", IT BEING AGREED THAT ALL OF THE AFOREMENTIONED RISKS ARE TO BE BORNE BY THE DISTRICT. IN NO EVENT SHALL THE CORPORATION BE LIABLE FOR ANY INCIDENTAL, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGE IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT OR THE ACQUISITION, CONSTRUCTION, EXISTENCE, FURNISHING, FUNCTIONING OR THE DISTRICT'S USE OF ANY ITEM OR PRODUCTS OR SERVICES PROVIDED FOR IN THIS AGREEMENT. THE DISTRICT ACKNOWLEDGES THAT IT IS SOLELY RESPONSIBLE FOR DETERMINING THE SUITABILITY OF THE 2019 PROJECT FOR ITS INTENDED USE.

ARTICLE IV

PURCHASE PRICE AND SERIES 2019 INSTALLMENT PAYMENTS

Section 4.01. Purchase Price.

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

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

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

Section 4.02. Series 2019 Installment Payments. The District shall, subject to its rights of prepayment provided in Article VII, pay the Assignee the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2019 Installment Payment Dates as set forth in Exhibit B hereto.

Each Series 2019 Installment Payment shall be paid to the Assignee in lawful money of the United States of America. In the event the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2019 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2019 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2019 Installment Payments required to be made by it under this section when due, whether or not the 2019 Project or any part thereof is operating or operable or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and whether or not the 2019 Project has been completed, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.01. Pledge of Revenues. All Revenues and all amounts on deposit in the General Fund are hereby irrevocably pledged to the payment of the Series 2019 Installment Payments as provided herein, and the Revenues will not be used for any other purpose until there has been set aside in the General Fund an amount each year sufficient to pay the Series 2019 Installment Payments due in each Fiscal Year. In accordance with Section 5451 of Title 1, Chapter 5.5 of the California Government Code, this pledge shall constitute a first and exclusive lien on Revenues and amounts on deposit in the General Fund for the payment of the Series 2019 Installment Payments in accordance with the terms hereof.

Section 5.02. Allocation of Revenues. The District has heretofore established the General Fund for the collection and deposit of the Revenues of the District. Upon the payment or set aside of the amounts necessary to pay the Series 2019 Installment Payments in each Fiscal Year, the lien established in Section 5.01 is released and the District may expend Revenues and amounts on deposit in the General Fund for any lawful purpose.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.01. Compliance with this Agreement and Ancillary Agreements. The District will punctually pay the Series 2019 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Agreement for any cause including,

without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2019 Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

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

Section 6.03. Prompt Acquisition and Construction. The District will take all necessary and appropriate steps to acquire and construct the 2019 Project, as agent of the Corporation, with all practicable dispatch and in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

Section 6.04. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or funds or accounts created hereunder or on any funds in the hands of the District pledged to pay the Series 2019 Installment Payments or which might impair the security of the Series 2019 Installment Payments.

Section 6.05. Tax Covenants.

(a) Generally. The District shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, the interest components of the Series 2019 Installment Payments to become includable in gross income for federal income tax purposes.

(b) Private Activity. The District shall assure that the proceeds of this Agreement are not so used as to cause this Agreement to satisfy the private business tests of Section 141(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the private loan financing test of Section 141(c) of the Code.

(c) Arbitrage. The District will not take any action or omit to take any action which action or omission, if reasonably expected on the date of this Agreement, would have caused this Agreement to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

(d) Federal Guarantee. The Series 2019 Installment Payments are not directly guaranteed or indirectly guaranteed in whole or in part by the United States or any agency or instrumentality of the United States so as to cause the Series 2019 Installment Payments to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(e) Reimbursement Regulations. The proceeds of this Agreement used for reimbursement of prior expenditures will be made pursuant to and in compliance with Income Tax Regulations Section 1.150-2.

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

(g) Bank Qualified. The District hereby designates this Agreement for purposes of paragraph (3) of Section 265(b) of the Code and represents that not more than \$10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding (i) private activity bonds, as defined in Section 141 of the Code, except qualified 501(c)(3) bonds as defined in Section 145 of the Code and (ii) current refunding obligations to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation), including this Agreement, has been or will be issued by the District, including all subordinate entities of the District, during calendar year 2019.

(h) Miscellaneous. The District will take no action inconsistent with its expectations stated in the Arbitrage and Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.06. Insurance.

(a) The District will, at its own expense, procure and maintain or cause to be procured and maintained insurance on the 2019 Project with responsible insurers in such amounts and against such risks as are usually covered so long as such insurance is available at reasonable rates.

In the event of any damage to or destruction of the 2019 Project caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the 2019 Project. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied in part to the prepayment of Series 2019 Installment Payments as provided in Article VII. If such Net Proceeds are sufficient to enable the District to retire the entire obligation evidenced hereby prior to the final due date of the Series 2019 Installment Payments, the District may elect not to reconstruct, repair or replace the damaged or destroyed portion of the 2019 Project, and thereupon such Net Proceeds shall be applied to the prepayment of Series 2019 Installment Payments as provided in Article VII.

(b) The District will, at its own expense, procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Corporation, which insurance shall afford protection in such amounts and against such risks as are usually covered.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be

maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained so as to be, in the opinion of an accredited actuary, actuarially sound.

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

Section 6.07. Financial Statements. The District will prepare and file with the Corporation and the Assignee annually within two hundred seventy (270) days after the close of each Fiscal Year (commencing with the Fiscal Year ending June 30, 2019) financial statements of the District for the preceding Fiscal Year prepared in accordance with generally accepted accounting principles.

Section 6.08. Protection of Security and Rights of the Corporation. The District will preserve and protect the security granted herein and the rights of the Corporation to the Series 2019 Installment Payments hereunder and will warrant and defend such rights against all claims and demand of all persons.

Section 6.09. Eminent Domain Proceeds. If all or any part of the 2019 Project shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied, at the District's discretion, towards the prepayment in whole or in part of the Series 2019 Installment Payments or towards other capital improvements of the District.

Section 6.10. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, agreements, instruments and resolutions as may be reasonably necessary or requested by the Corporation to carry out the intention or to facilitate the performance hereof and for assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

ARTICLE VII

PREPAYMENT OF SERIES 2019 INSTALLMENT PAYMENTS

Section 7.01. Prepayment.(a) The District may or shall, as the case may be, prepay from the Net Proceeds as provided herein the Series 2019 Installment Payments in whole or in part on any date in the order of payment date as directed by the District at a prepayment price equal to the sum of the principal amount prepaid plus accrued interest thereon to the date of prepayment.

(b) The District may prepay the Series 2019 Installment Payments in whole on any Series 2019 Installment Payment Date commencing on the fifth Series 2019 Installment Payment Date at a prepayment price equal to 102% of the principal amount of the Series 2019 Installment Payments to be prepaid.

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

Section 7.02. Method of Prepayment. Before making any prepayment pursuant to Section 7.01, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay, give written notice to the Corporation describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than sixty (60) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.01. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say--

(1) if default shall be made by the District in the due and punctual payment of any Series 2019 Installment Payment when and as the same shall become due and payable;

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

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

then and in each and every such case during the continuance of such Event of Default specified in the clauses above, the Corporation may, by notice in writing to the District, declare the entire principal amount of the unpaid Series 2019 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding. This Section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2019 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the Series 2019 Installment Payments above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2019 Installment Payments, and the reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid Series 2019 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation or provision deemed by the Corporation to be adequate shall have been made therefor, then and in every such case the Corporation, by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.02. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.01, all Revenues thereafter received 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

Revenues ratably without any discrimination or preference, of the fees, costs and expenses of the Corporation if any, in carrying out the provisions of this article, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the entire principal amount of the unpaid Series 2019 Installment Payments and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2019 Installment Payments.

Section 8.03. Other Remedies of the Corporation. The Corporation 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 Act and the agreements and covenants required to be performed by it or him contained herein;

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

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

Notwithstanding anything contained herein, the Corporation shall have no security interest in or mortgage on the 2019 Project and no default hereunder shall result in the loss of the 2019 Project.

Section 8.04. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2019 Installment Payments to the Corporation at the respective due dates or upon prepayment from the Net Revenues, the General Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation 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 Corporation 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 Corporation by the law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

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

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

Section 8.06. Assignee to Exercise Rights. Such rights and remedies as are given to the Corporation under this Article VIII have been assigned by the Corporation to the Assignee and shall be exercised solely by the Assignee.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.01. Discharge of Obligations. When

(a) all or any portion of the Series 2019 Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2019 Installment Payments shall have been filed with the Corporation; and

(b) there shall have been deposited with an escrow agent at or prior to the Series 2019 Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2019 Installment Payments, sufficient moneys and non-callable securities issued by Treasury Department of the United States of America, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2019 Installment Payments to their respective Series 2019 Installment Payment Dates or prepayment date or dates, as the case may be; and

(c) if an opinion of bond counsel acceptable to the Corporation is filed with the Corporation to the effect that the actions authorized by and taken pursuant to this Article IX shall not adversely affect the tax exempt status of the interest portion of the Series 2019 Installment Payments, the right, title and interest of the Corporation herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2019 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the obligation of the District to have such moneys and such permitted investments described in paragraph (b) above applied to the payment of such Series 2019 Installment Payments). In such event, upon request of the District the Corporation shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be.

ARTICLE X

MISCELLANEOUS

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

The obligation of the District to make the Series 2019 Installment Payments is a special obligation of the District payable solely from the Net Revenues, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Section 10.02. Benefits of this Agreement Limited to Parties. Subject to Sections 10.03 and 10.07, nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Corporation any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation shall be for the sole and exclusive benefit of the other party.

Section 10.03. Successor Deemed Included in all References to Predecessor. Whenever either the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor and assigns to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 10.04. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2019 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

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

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

Section 10.07. Assignment. This Agreement and any rights hereunder may be assigned by the Corporation, as a whole or in part, at any time upon filing with the District an assignment or notice of assignment. No such assignment shall be effective as against the District unless and until the Corporation shall have filed with the District a copy of such assignment or written notice thereof. The District shall pay all Series 2019 Installment Payments hereunder pursuant to the direction of the Corporation or the assignee named in the most recent assignment or notice of assignment filed with the District. During the term of this Agreement, the District shall keep a complete and accurate record of all such assignments or notices of

assignment.

Section 10.08. Net Contract. This Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Series 2019 Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

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

Section 10.10. Notices. All written notices to be given hereunder shall be given by United States mail, postage prepaid in certified or registered form or personal delivery, to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Kensington Police Protection and Community Services District
217 Arlington Avenue
Kensington, CA 94707
Attention: General Manager

If to the Corporation: Municipal Finance the Corporation
2945 Townsgate Road, Suite 200
Westlake Village, CA 91361
Attention: President

If to the Assignee: Westamerica Bank
PO Box 1200
Suisun City, CA 94585-1200
Attention: Credit Management

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

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

Section 10.13. Indemnification of the Corporation and the Assignee. The District hereby agrees to indemnify and hold harmless the Corporation and the Assignee if and to the extent permitted by law from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder, the ownership of any item of the 2019 Project, the use, operation, condition, purchase, possession of the 2019 Project, or an accident or damage to property or injury or death to any person resulting therefrom; provided that no indemnification will be made for gross negligence or willful misconduct or the breach of an obligation hereunder.

Section 10.12. Amendments Permitted. This Agreement and the rights and obligations of the Corporation and the District may be modified or amended at any time by an amendment hereto which shall become binding with the written consent of the Corporation, the District and the Assignee.

IN WITNESS WHEREOF, the District and the Corporation have caused their authorized officers to execute this Agreement as of the date first written above.

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

By: Christy Constatoma

Title: General Manager

MUNICIPAL FINANCE CORPORATION

By: William Martin

Title: President

EXHIBIT A
DESCRIPTION OF 2019 PROJECT

Community Center Renovation

EXHIBIT B

SCHEDULE OF SERIES 2019 INSTALLMENT PAYMENTS

Payments: Annually in arrears 10 Years 3.80%

PMT #	Due Date	Installment Payment	To Principal	To Interest	Prepayment Option
1	6/12/2020	\$30,516.62	\$21,016.62	9,500.00	
2	6/12/2021	30,516.62	21,815.25	8,701.37	
3	6/12/2022	30,516.62	22,644.23	7,872.39	
4	6/12/2023	30,516.62	23,504.71	7,011.91	
5	6/12/2024	30,516.62	24,397.89	6,118.73	139,353.73
6	6/12/2025	30,516.62	25,325.01	5,191.61	113,522.22
7	6/12/2026	30,516.62	26,287.36	4,229.26	86,709.11
8	6/12/2027	30,516.62	27,286.28	3,230.34	58,877.10
9	6/12/2028	30,516.62	28,323.16	2,193.46	29,987.48
10	6/12/2029	30,516.62	29,399.49	1,117.13	0.00

TOTALS: \$305,166.20 \$250,000.00 \$55,166.20

ASSIGNMENT OF INSTALLMENT SALE #17-003

FOR VALUE RECEIVED, MUNICIPAL FINANCE CORPORATION (the "Corporation") as assignor without recourse does hereby sell, assign, and transfer to WESTAMERICA BANK ("Assignee") its right, title and interest in and to the attached Installment Sale Agreement #17-003 dated as of March 21, 2019 between the Corporation and KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT (the "District"), as the District (hereinafter said Installment Sale Agreement and any supplements, amendments, additions thereof and any extension or renewals thereof is referred to as the "Agreement") and (ii) all moneys, sums and amounts now due or hereinafter to become due under the Agreement.

The Corporation represents and warrants that it has made no prior sale or assignment of any interest covered hereby; that the Agreement is genuine and in all respects is what it purports to be; that Assignee shall not be liable for and does not assume responsibility for the performance of any of the covenants, agreements, or obligations specified in the Agreement to be kept, paid or performed by the Corporation with exception of Assignee's obligation to issue notices upon the District's default of the Agreement. The Corporation further represents and warrants that as of the date this Assignment is made, the Agreement is in full force and effect, has not been amended except as set forth in instrument delivered to Assignee and the District is not in default of any terms thereunder,

The Corporation hereby constitutes and irrevocably appoints Assignee the true and Lawful attorney of the Corporation to demand, receive and endorse payments and to give receipts, releases and satisfactions either in the name of Assignee or in the name of the Corporation in the same manner and with the same effect as the Corporation could do if this Assignment of Installment Sale had not been made.

This Assignment of Installment Sale shall be construed and governed in accordance with the laws of the State of California. Any provision of this Assignment of Installment Sale found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate the remainder of this Assignment of Installment Sale.

This Assignment of Installment Sale shall be binding upon and inure to the benefit of the parties and their respective successors and assigns and is made in accordance with the Municipal Lease Placement Agreement dated as of January 1, 1999, as amended, entered into between the Corporation and Assignee. In the case of litigation, the prevailing party shall be entitled to recover from the opposing party all costs and expenses, including attorneys' fees which may be the allocable cost of in-house counsel, incurred by the prevailing party in exercising any of its rights or remedies hereunder or enforcing any of the terms, conditions, or provisions hereof.

IN WITNESS WHEREOF, the Corporation has caused this Assignment of Installment Sale to be executed by its duly authorized agent on the date specified below.

MUNICIPAL FINANCE CORPORATION

By: William Morton

Title: President

Date: 6/4/19

ACKNOWLEDGEMENT OF ASSIGNMENT

The undersigned hereby acknowledges the assignment by MUNICIPAL FINANCE CORPORATION over to WESTAMERICA BANK of that certain Installment Sale Agreement #17-003 dated as of March 21, 2019 (the "Agreement"), entered into between MUNICIPAL FINANCE CORPORATION as seller and the undersigned as purchaser.

With respect to the Agreement, the undersigned agrees to pay, commencing with the first scheduled Installment Payment, all Installment Payments and moneys due or to become due under the Agreement to WESTAMERICA BANK, Fairfield Credit Administration, P.O. Box 1200, MAC A-1B, Suisun City, CA 94585-1200 and further agrees it shall have no counterclaim or offset against Installment Payments due thereunder as to said Assignee and expressly further agrees that said Assignee shall not (except for the obligations specifically set forth in the foregoing Assignment of Installment Sale) be liable for any of the obligations or burdens of the seller under the Agreement.

IN WITNESS WHEREOF, the District has caused this Acknowledgment of Assignment to be executed by its authorized agent on the date specified below.

KENSINGTON POLICE PROTECTION AND COMMUNITY SERVICES DISTRICT

By: Cheryl Crutcher

Title: General Manager

Date: 6-4-2019

RESOLUTION NO. 2019-07

AUTHORIZING THE EXECUTION AND DELIVERY OF AN INSTALLMENT SALE AGREEMENT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS IN CONNECTION WITH THE ACQUISITION AND CONSTRUCTION OF A COMMUNITY CENTER REMODELING PROJECT

WHEREAS, the Kensington Police Protection and Community Services District (the "District") is a community services district duly organized and existing under and pursuant to the laws of the State of California; and

WHEREAS, the District desires to provide for financing in the approximate amount of \$250,000.00 for the remodeling of the community center building (the "Project"); and

WHEREAS, Municipal Finance Corporation (the "Corporation") has proposed a cost-effective ten year installment sale financing arrangement at a 3.80% interest rate; and

WHEREAS, in accordance with California Government Code Section 5852.1, the Board of Directors has obtained and disclosed the information set forth in Exhibit A hereto:

NOW, THEREFORE, it is resolved by the Board of Directors of the Kensington Police Protection and Community Services District as follows:

SECTION 1. Installment Sale Agreement. The President of the Board of Directors, the General Manager or a designee in writing is hereby authorized to enter into an Installment Sale Agreement (the "Installment Sale") with the Corporation to finance the Project, subject to approval as to form by the District's legal counsel.

SECTION 2. Attestations. The Secretary of the Board or other appropriate District officer is hereby authorized and directed to attest the signature of the President of the Board of Directors, the General Manager or of such other person or persons as may have been designated by the President of the Board of Directors or the General Manager, and to affix and attest the seal of the District, as may be required or appropriate in connection with the execution and delivery of the Installment Sale.

SECTION 3. Authorization to Establish Project Fund. The Board of Directors hereby authorizes and directs the President of the Board, the General Manager or a designee in writing to make appropriate arrangements to establish a special fund into which the proceeds of the financing are deposited for the purpose of paying the costs of the Project.

SECTION 4. Other Actions. The President of the Board of Directors, the General Manager and other officers of the District are each hereby authorized and directed, jointly and severally, to take any and all actions and to execute and deliver any and all documents, agreements and

certificates which they may deem necessary or advisable in order to carry out, give effect to and comply with the terms of this Resolution and the Installment Sale. Such actions are hereby ratified, confirmed and approved.

SECTION 5. Qualified Tax-Exempt Obligations. The Installment Sale is hereby designated as a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The District, together with all subordinate entities of the District, do not reasonably expect to issue during the calendar year in which the Installment Sale is issued more than \$10,000,000 of obligations which it could designate as "qualified tax-exempt obligations" under Section 265(b) of the Code.

SECTION 6. Effect. This Resolution shall take effect immediately upon its passage.

PASSED, APPROVED AND ADOPTED this 23rd day of May, 2019, by the following vote:

PASSED AND ADOPTED by the Board of Directors of the Kensington Police Protection and Community Services District on Thursday, the 23rd day of May, 2019, by the following vote to wit:

AYES: 4

Eileen M. Nottoli
Eileen Nottoli, President

NOES: 0

Sylvia Hacaj
Sylvia Hacaj, Vice President

ABSENT: 0

Rachelle Sherris-Watt
Rachelle Sherris-Watt, Director

Present/abstain: 1
CM

Christopher Deppe
Christopher Deppe, Director

Cyrus Mondavi
Cyrus Mondavi, Director

I HEREBY CERTIFY the foregoing resolution was duly and regularly adopted by the Board of Directors of the Kensington Police Protection and Community Services District at the regular meeting of said Board held on Thursday, the 23 day of May, 2019.

Anthony Costanzo
District General Manager

EXHIBIT A

GOVERNMENT CODE SECTION 5852.1 DISCLOSURE

The following information consists of estimates that have been provided by the Corporation, which have been provided to the District in good faith:

- (A) True interest cost of the Installment Sale: 3.80%
- (B) Finance charge of the Installment Sale (sum of all costs of issuance and fees/charges paid to third parties): \$0
- (C) Net proceeds to be received (net of finance charges, reserves and capitalized interest, if any): \$250,000
- (D) Total payment amount through maturity: \$305,166.20