

RESOLUTION NO. 23-05

**A RESOLUTION OF THE OREGON WATER WONDERLAND UNIT II
SANITARY DISTRICT, DESCHUTES COUNTY, OREGON
AUTHORIZING THE REFUNDING OF SEWER REVENUE BONDS**

WHEREAS, the Oregon Water Wonderland Unit II Sanitary District, Deschutes County, Oregon (the “District”) has a number of outstanding sewer revenue bonds the District sold to the United States Department of Agriculture (the “Original Lender”), namely:

- (1) Revenue Installment Sewer Bond No. 1 that is outstanding in the approximate principal amount of \$ 1,167,379;
- (2) Revenue Installment Sewer Bond No. 2 that is outstanding in the approximate principal amount of \$ 1,213,600;
- (3) Revenue Installment Sewer Bond No. 3 that is outstanding in the approximate principal amount of \$ 417,775; and
- (4) Revenue Installment Sewer Bond No. 4 that is outstanding in the approximate principal amount of \$ 123,743 (collectively, the “Refundable Bonds”);

WHEREAS, the District is authorized to refund outstanding revenue bonds pursuant to Oregon Revised Statutes Sections 287A.360 through 287A.375;

WHEREAS, the Original Lender requires the District to refund the Refundable Bonds; and

WHEREAS, it is therefore desirable to authorize the refunding of the Refundable Bonds.

BE IT RESOLVED, by the District Board of the Oregon Water Wonderland Unit II Sanitary District, Deschutes County, Oregon, that:

Section 1. Refunding Bonds Authorized. The District hereby authorizes the sale and delivery of sewer system revenue refunding bonds (the “2023 Bonds”) in a principal amount sufficient to prepay all or any portion of the District’s outstanding Refundable Bonds, to fund a debt service reserve, if any, and to pay costs related to the refunding.

Section 2. Security. The 2023 Bonds shall not be general obligations of the District and neither the authorization nor issuance of the 2023 Bonds shall authorize the District to levy additional taxes. The 2023 Bonds shall be special obligations of the District that are payable solely from the net revenues of the sewer system.

Section 3. Delegation. The District’s Board Secretary Jeffery P. Okamoto, Board Member Michael G. Roberts, or a District staff member or board member delegated by either of those individuals to act on behalf of the District pursuant to this Resolution (each of whom is referred to as an “Authorized Officer”) may, on behalf of the District:

- (1) Select all or a portion of the Refundable Bonds to be refunded;

- (2) Issue the 2023 Bonds in one or more series, which may be sold at different times;
- (3) Prepare and finalize the terms of a master sewer system revenue bond declaration (the “Master Declaration”) in substantially the form attached to this resolution as Exhibit A, but with such changes as may be approved by the Authorized Officer. The Master Declaration pledges the District’s sewer system revenues to the 2023 Bonds issued as Parity Bonds, contains covenants regarding the levels of fees and charges that the District must impose for its sewer system, establishes a reserve requirement for the 2023 Bonds, and describes the terms under which the District may issue obligations in the future that are secured by the revenues of the District’s sewer system;
- (4) Participate in the preparation of, authorize the distribution of, and deem final any official statement or other disclosure documents relating to each series of the 2023 Bonds;
- (5) Establish the form, final principal amounts, payment dates, interest rates and other terms of each series of the 2023 Bonds;
- (6) Sell the 2023 Bonds to D. A. Davidson & Co. or place any 2023 Bonds directly with a commercial bank or other lender;
- (7) Undertake to provide continuing disclosure for each series of the 2023 Bonds, as applicable, and to comply with Rule 15c2-12 and any other applicable requirements of the United States Securities and Exchange Commission;
- (8) Apply for one or more credit ratings for each series of the 2023 Bonds, if necessary;
- (9) Determine whether to purchase municipal bond insurance or obtain other forms of credit enhancements for each series of the 2023 Bonds, enter into agreements with the providers of credit enhancement (if such enhancement is determined to be beneficial), and execute and deliver related documents;
- (10) Engage the services of verification agents, escrow agents, paying agents and any other professionals whose services are desirable for the 2023 Bonds and negotiate the terms of and execute any agreement with such professionals;
- (11) Transfer sewer system revenues, or other legally available funds into the debt service reserve account for the 2023 Bonds, if desirable;
- (12) Determine whether each series of the 2023 Bonds will bear interest that is excludable from gross income under the Internal Revenue Code of 1986, as amended (the “Code”), or is includable in gross income under the Code. If a series bears interest that is excludable from gross income under the Code, the Authorized Officer may enter into covenants to maintain the excludability of interest on that series of the 2023 Bonds from gross income;
- (13) Designate any series of the 2023 Bonds as “qualified tax-exempt obligations” under Section 265(b)(3) of the Code, if applicable;

(14) Prepay the Refundable Bonds that are refunded and enter into related agreements and take related actions; and


(15) Execute and deliver any agreements or certificates and take any other action in connection with each series of the 2023 Bonds which the Authorized Officer finds is desirable to permit the sale and issuance of that series of the 2023 Bonds in accordance with this Resolution.

Section 4. Effective Date. August 17, 2023

This Resolution shall take effect on the date it is adopted.

Dated

Approved by:



President

ATTEST:



Secretary

**MASTER SEWER SYSTEM REVENUE
BOND DECLARATION**

**Oregon Water Wonderland Unit II
Sanitary District, Oregon**

**Sewer System Revenue Refunding Bonds
Series 2023**

**Executed by the Authorized Officer of the Oregon Water Wonderland Unit II Sanitary
District, Deschutes County, Oregon**

As of [Issue Date], 2023

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MASTER SEWER SYSTEM BOND DECLARATION

THIS MASTER SEWER SYSTEM BOND DECLARATION is executed as of [Issue Date], 2023, by an Authorized Officer of the District pursuant to the authority granted to the Authorized Person by the Resolution to establish the terms under which the Series 2023 Bonds and future Parity Bonds may be issued.

Section 1. Findings.

The District finds that it adopted the Resolution pursuant to Oregon Revised Statutes (“ORS”) Section 287A.360 through 287A.375 and related provisions of ORS Chapter 287A to authorize the Series 2023 Bonds and this Master Declaration, which establishes the terms under which the Series 2023 Bonds are issued and the terms under which future obligations may be issued on a parity with the Series 2023 Bonds.

Section 2. Definitions.

Unless the context clearly requires otherwise, capitalized terms that are used in this Master Declaration and are defined in this Section 2 shall have the meanings defined for those terms in this Section 2.

“Adjusted Net Revenues” means the Net Revenues, adjusted for purposes of Section 7.1.C(ii) as provided in Section 7.3.

“Annual Bond Debt Service” means in any Fiscal Year the amount of principal and interest required to be paid in that Fiscal Year on all Outstanding Bonds, calculated as follows:

- (a) Interest which is to be paid from Bond Proceeds shall be subtracted;
- (b) Bonds which are subject to scheduled, noncontingent redemption or tender shall be deemed to mature on the dates and in the amounts which are subject to mandatory redemption or tender, and only the amount scheduled to be Outstanding on the final maturity date shall be treated as maturing on that date;
- (c) Bonds which are subject to contingent redemption or tender shall be treated as maturing on their stated maturity dates; and,
- (d) Each Balloon Payment shall be assumed to be paid according to its Balloon Debt Service Requirement.

“Auditor” means a person authorized by the State Board of Accountancy to conduct municipal audits pursuant to ORS 297.670.

“Authorized Officer” means any member of the Board of Directors of the District, or a designee of any of those persons authorized to act on behalf of the District under this Master Declaration.

“Balloon Debt Service Requirement” means the Committed Debt Service Requirement for a Balloon Payment or, if the District has not entered into a firm commitment to sell Bonds or

other obligations to refund that Balloon Payment, the Estimated Debt Service Requirement for that Balloon Payment.

“Balloon Payment” means any principal payment for a Series of Bonds which comprises more than twenty-five percent of the original principal amount of that Series, but only if that principal payment is designated as a Balloon Payment in the closing documents for the Series.

“Base Period” means the alternative selected by the District from the following two options: (a) any twelve consecutive months selected by the District or Qualified Consultant out of the most recent eighteen months preceding the delivery of a Series of Parity Bonds; or (b) the most recently completed fiscal year for which audited financial statements are available.

“BEO” means “book-entry-only” and refers to a system for clearance and settlement of securities transactions through electronic book-entry changes, which eliminates the need for physical movement of securities.

“Bond” or “Bonds” means the Series 2023 Bonds and any other Parity Bonds.

“Bond Counsel” means a law firm having knowledge and expertise in the field of municipal law and whose opinions are generally accepted by purchasers of municipal bonds.

“Bond Reserve Account” means the Bond Reserve Account in the Sewer Fund described in Section 5.3 of this Master Declaration.

“Business Day” means any day except a Saturday, a Sunday, a legal holiday, a day on which the offices of banks in Oregon or New York are authorized or required by law or executive order to remain closed, or a day on which the New York Stock Exchange is closed.

“Closing” means the date on which a Series of Bonds is delivered in exchange for payment.

“Code” means the Internal Revenue Code of 1986, as amended, including the rules and regulations promulgated thereunder.

“Committed Debt Service Requirement” means the schedule of principal and interest payments for a Series of Bonds or other obligations which refund a Balloon Payment, as shown in the documents evidencing the District’s firm commitment to sell that Series. A “firm commitment to sell” means a bond purchase agreement or similar document which obligates the District to sell, and obligates a purchaser to purchase, the Series of refunding Bonds or other obligations, subject only to the conditions which customarily are included in such documents.

“Credit Facility” means a letter of credit, a municipal bond insurance policy, standby bond purchase agreement or other credit enhancement device which is obtained by the District to secure payment in full of Bonds, and which is issued or provided by a Credit Provider whose long-term debt obligations or claims-paying ability (as appropriate) are rated, at the time the Credit Facility is issued, in one of the three highest rating categories by a Rating Agency which rated the Bonds secured by the Credit Facility. Under rating systems in effect on the date of this

Master Declaration, a rating in one of the three highest rating categories by a Rating Agency would be a rating of “A” or better.

“Credit Provider” means the person or entity that is obligated to make or guarantee payments under a Credit Facility.

“Debt Service Account” means the Debt Service Account described in Section 5.2 of this Master Declaration.

“District” means the Oregon Water Wonderland Unit II Sanitary District, Deschutes County, Oregon, a municipal corporation of the State of Oregon.

“DTC” means The Depository Trust Company or any other qualified securities depository designated by the District as its successor.

“Estimated Debt Service Requirement” means the schedule of principal and interest payments for a hypothetical Series of Bonds that refunds a Balloon Payment, that is prepared by the Authorized Officer and that meets the requirements of Section 6.3.

“Event of Default” means any event specified in Section 11.2 of this Master Declaration.

“First Reserve Subaccount” means the subaccount of the Bond Reserve Account that secures the Series 2023 Bonds and any subsequent Series of Bonds to which the amounts in the First Reserve Subaccount are pledged and is described in Section 5.4.

“First Reserve Subaccount Reserve Requirement” means an amount equal to the Maximum Annual Debt Service on all Outstanding Bonds that are secured by the First Reserve Subaccount or the amount described in the next sentence. If at the time of issuance of a Series of Bonds secured by the First Reserve Subaccount, the amount required to be added to the First Reserve Subaccount to make the balance in the First Reserve Subaccount equal to Maximum Annual Debt Service on all Outstanding Bonds that are secured by the First Reserve Subaccount exceeds the Tax Maximum calculated with respect to such Series of Bonds, then the First Reserve Subaccount Reserve Requirement shall mean the First Reserve Subaccount Reserve Requirement in effect immediately prior to the issuance of that Series of Bonds, plus the Tax Maximum calculated with respect to that Series of Bonds. On the date of Closing of the Series 2023 Bonds, the First Reserve Subaccount Reserve Requirement is [\$_____, the Tax Maximum for the Series 2023 Bonds and will be funded with existing District revenues.]

“First Reserve Subaccount Valuation Date” means the first Business Day of each Fiscal Year, each date on which amounts are withdrawn from the First Reserve Subaccount, and each Closing date for a Series of Bonds that is secured by the First Reserve Subaccount.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or as otherwise defined by State law.

“Fitch” means Fitch Ratings, Inc., its successors and assigns.

“Fund” refers to any fund, account, or other accounting concept that permits the District to account accurately for amounts that are credited to it under this Master Declaration. A “Fund” in this Master Declaration does not need to appear as a “fund” in the District’s budget and an “Account” in this Master Declaration does not need to appear as an “account” in the District’s budget.

“Government Obligations” means (a) direct, noncallable obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury and principal-only and interest-only strips that are issued by the U.S. Treasury); or (b) noncallable obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Gross Revenues” means all fees and charges and other revenues that are properly accrued under generally accepted accounting principles as revenues of the Sewer System, including interest earnings on Gross Revenues in the Sewer Fund. Gross Revenues shall also include i) systems development charges for the Sewer System, but only to the extent Oregon law allows those systems development charges to be used to pay Bonds, ii) any withdrawals from the Rate Stabilization Account as provided in Section 5.5, and iii) any federal interest subsidies the District receives for the Series 2023 Bonds or any Parity Bonds. However, the term “Gross Revenues” shall not include:

- (a) The interest income or other earnings derived from the investment of any escrow fund established for the defeasance or refunding of outstanding indebtedness of the District;
- (b) Any gifts, grants, donations or other moneys received by the District from any State or Federal Agency or other person if such moneys are restricted by law or the grantor to uses inconsistent with the payment of Bonds;
- (c) The proceeds of any borrowing;
- (d) The proceeds of any liability or other insurance (excluding business interruption insurance or other insurance of like nature insuring against the loss of revenues);
- (e) The proceeds of any casualty insurance which the District intends to utilize for repair or replacement of the Sewer System;
- (f) The proceeds derived from the sales of assets pursuant to Section 10.9 of this Master Declaration;
- (g) Any ad valorem or other taxes imposed by the District (except charges or payments for Sewer System services which become “taxes” within the meaning of Article XI, Section 11b of the Oregon Constitution only because they are imposed on property or property owners).
- (h) Any income, fees, charges, receipts, profits or other moneys derived by the District from its ownership or operation of any Separate Utility System.

“Interest Payment Date” means any date on which Bond interest is scheduled to be paid, and any date on which Bonds are called for redemption.

“Master Declaration” means this Master Sewer System Revenue Bond Declaration, including any amendments made pursuant to Section 12.

“Maximum Annual Bond Debt Service” means the greatest amount of Annual Bond Debt Service that is due in any Fiscal Year, beginning with the Fiscal Year for which the calculation is made, and ending with the last Fiscal Year in which Outstanding Bonds are scheduled to be paid.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and their assigns.

“Net Revenues” means the Gross Revenues less the Operating Expenses.

“Operating Expenses” means all costs which are properly treated as expenses of operating and maintaining the Sewer System under generally accepted accounting principles. Operating Expenses also include deposits to the Rate Stabilization Account as provided in Section 5.6 A. However, Operating Expenses do not include:

- (a) Any rebates or penalties paid from Gross Revenues under Section 148 of the Code;
- (b) Payments of judgments against the District and payments for the settlement of litigation;
- (c) Depreciation and amortization of property values or losses, and other non-cash expenses, including non-cash expenses related to pensions and postemployment benefits;
- (d) All amounts eligible to be treated for accounting purposes as payments for capital expenditures;
- (e) Interest and other debt service payments, paying agent fees, broker-dealer fees and similar charges for the maintenance of borrowings;
- (f) The expenses of owning, operating or maintaining any Separate Utility System;
- (g) Expenditures made from any liability insurance proceeds;
- (h) Expenditures made from any casualty insurance proceeds used to pay for costs of repairing or replacing portions of the Sewer System;
- (i) Expenditures made from grant monies, regardless of whether such grant funds are dedicated to a specific purpose or available for the general operation, maintenance and repair or replacement of the Sewer System;
- (j) Extraordinary, non-recurring expenses of the Sewer System; or
- (k) Expenditures allocable to any other funding source which does not constitute Gross Revenues of the Sewer System.

“ORS” means the Oregon Revised Statutes.

“Outstanding” refers to all Bonds except Bonds that have been defeased pursuant to Section 13 of this Master Declaration, and Bonds which have matured and not been presented for payment (provided that sufficient funds to pay those Bonds have been transferred to the Paying Agent).

“Owner” means a registered owner of a Bond.

“Parity Bond” means any obligation that is secured by the Net Revenues and is issued in accordance with Section 7.

“Paying Agent” means the paying agent and registrar for the Bonds, which is U.S. Bank Trust Company, National Association on the date of this Master Declaration.

“Payment Date” means a Principal Payment Date or an Interest Payment Date.

“Permitted Investments” means any investments which the District is permitted to make under the laws of the State.

“Principal Payment Date” means any date on which any Bonds are scheduled to be retired, whether by virtue of their maturity or by mandatory sinking fund redemption prior to maturity, and the redemption date of any Bonds which have been called for redemption.

“Qualified Consultant” means an independent engineer, an independent auditor, an independent financial advisor, or similar independent professional consultant of recognized standing and having experience and expertise in the area for which such person or firm is retained by the District for purposes of performing activities specified in this Master Declaration or any Supplemental Declaration.

“Rate Stabilization Account” means the Rate Stabilization Account established in the Sewer Fund pursuant to Section 5.6.

“Rating Agency” means Fitch, Moody’s, S&P, or any other nationally recognized financial rating Agency which has rated Outstanding Bonds or a Credit Facility at the request of the District.

“Record Date” for the Series 2023 Bonds means the fifteenth day of the month preceding the month in which each Interest Payment Date occurs, whether or not a Business Day and for other series of publicly offered Bonds the date that is established in the proceedings related to that series.

“Refunded Bonds” means the bonds refunded with the Series 2023 Bonds.

“Reserve Credit Facility” means any arrangement in which the District pays a fee in exchange for an agreement of a third party to advance money to the District in the future that the District will use in lieu of using cash or Permitted Investments credited to a subaccount in the Bond Reserve Account. “Reserve Credit Facility” does not include guaranteed investment contracts, master repurchase agreements and similar Permitted Investments.

“Reserve Requirement” means a set of rules for funding a subaccount in the Bond Reserve Account. Each Reserve Requirement shall indicate the amount that is required to be credited to the subaccount, the dates by which that amount must be credited to the subaccount, and the requirements for restoring amounts to the subaccount if amounts are withdrawn to pay Bonds that are secured by the subaccount. The Reserve Requirement for the Series 2023 Bonds is specified in Section 5.4 and defined under “First Reserve Subaccount Reserve Requirement.”

“Resolution” means Resolution No. [] adopted by the District Board on August 17, 2023.

“S&P” means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and their assigns.

“Separate Utility System” means any utility property which is declared by the District to constitute a system which is distinct from the Sewer System in accordance with Section 9.

“Series” refers to all Bonds authorized by a single ordinance or declaration and delivered in exchange for payment on the same date, regardless of variations in maturity, interest rate or other provisions, unless the closing documents for the Series provide otherwise.

“Series 2023 Bonds” means the District’s Sewer System Revenue Refunding Bonds, Series 2023 issued pursuant to Section 17 of this Master Declaration.

“Sewer Fund” means the collection of funds and accounts used by the District to hold the Gross Revenues and the proceeds of Bonds.

“Sewer System” means all utility property now or hereafter used by the District for the collection, treatment and management of wastewater and storm water. However, the Sewer System does not include any Separate Utility System.

“State” means the State of Oregon.

“Subordinate Obligations” means obligations having a lien on the Net Revenues which is subordinate to the lien of the Bonds. Restrictions on Subordinate Obligations are described in Section 8. On the date of this Master Declaration, the District has no borrowings outstanding with a subordinate lien on the Net Revenues.

“Subordinate Obligations Account” means the Subordinate Obligations Account of the Sewer Fund which is described in Section 5.5.

“Supplemental Declaration” means any declaration, resolution or other document which supplements or amends this Master Declaration, entered into by the District in compliance with Section 12.

“Tax Maximum” means, for any Series of Bonds, the lesser of: the greatest amount of principal, interest and premium, if any, required to be paid in any Fiscal Year on such Series; 125% of average amount of principal, interest and premium, if any, required to be paid on such Series during all Fiscal Years in which such Series will be Outstanding, calculated as of the date of issuance of such Series; or, ten percent of the proceeds of such Series, as “proceeds” is defined for purposes of Section 148(d) of the Code.

“Valuation Date” means the date or dates on which a subaccount of the Bond Reserve Account shall be valued as prescribed in the Supplemental Declaration authorizing the establishment of such subaccount. The Valuation Date for the First Reserve Subaccount is described in the definition of “First Reserve Subaccount Valuation Date.”

Section 3. Rules of Construction.

In determining the meaning of the provisions of this Master Declaration, the following rules shall apply unless the context clearly requires application of a different meaning:

- A. References to section numbers shall be construed as references to sections of this Master Declaration.
- B. References to one gender shall include all genders.
- C. References to the singular include the plural, and references to the plural include the singular.

Section 4. Deposit, Pledge and Use of Gross Revenues.

4.1. All Gross Revenues shall be deposited to and maintained in the Sewer Fund, and shall be used only as described in this Section as long as any Bonds remain Outstanding. The District shall apply Gross Revenues in the Sewer Fund on or before the following dates for the following purposes in the following order of priority:

- A. At any time to pay Operating Expenses which are then due;
- B. One Business Day prior to each Payment Date, to transfer Net Revenues to the Debt Service Account in an amount sufficient (with amounts available in the Debt Service Account) to pay in full all Bond principal, interest and premium, if any, which is due to be paid on that Payment Date;
- C. On the Closing date for a Series of Bonds and on the first day of each month following a Valuation Date for any subaccount in the Bond Reserve Account on which the balance in any subaccount of the Bond Reserve Account is determined to be less than the applicable Reserve Requirement, to transfer Net Revenues to the Bond Reserve Account in the amounts required by the provisions creating the subaccounts in the Bond Reserve Account until the balances in all subaccounts of the Bond Reserve Account are equal to their Reserve Requirement;
- D. On the day on which any rebates or penalties for Bonds are due to be paid to the United States pursuant to Section 148 of the Code, to pay the amounts due to the United States;
- E. On the dates specified in any proceedings authorizing Subordinate Obligations, the District shall transfer to the Subordinate Obligations Account the Net Revenues required by those proceedings; and,
- F. On any date, the District may transfer Net Revenues to the Rate Stabilization Account or spend Net Revenues for any other lawful purpose relating to the Sewer System, but only if all deposits and payments that are required to be made on or before that date and that have a higher priority under this Section have been made.

4.2. The District hereby pledges the Net Revenues to the payment of principal of, premium (if any) and interest on all Bonds. Pursuant to ORS 287A.310, this pledge made by the District shall be valid and binding from the Closing of the Series 2023 Bonds. The Net Revenues so pledged and hereafter received by the District shall immediately be subject to the lien of such pledge without any physical delivery or further act. The lien of the pledge shall be superior to all other claims and liens except liens and claims for the payment of Operating Expenses. The District covenants and agrees to take such action as is necessary from time to time to perfect or otherwise preserve the priority of the pledge.

4.3. Reserve Credit Facilities are not permitted to fund the First Reserve Subaccount. However, if they are permitted to fund other subaccounts in the Bond Reserve Account, the District may pledge the Net Revenues available for transfer to any subaccount of the Bond Reserve Account to pay amounts due under any Reserve Credit Facility securing any subaccount of the Bond Reserve Account.

Section 5. Bond Funds and Accounts.

5.1. So long as Bonds are Outstanding, the District shall maintain the Debt Service Account and the Bond Reserve Account as discrete accounts in the Sewer Fund.

5.2. Debt Service Account. The District shall hold the Debt Service Account. Until all Bonds are paid or defeased, amounts in the Debt Service Account shall be used only to pay Bonds.

A. After the transfer described in Section 4.1.B, if the balance in the Debt Service Account is less than the amount of Bond principal, premium, if any, and interest that is due on that Payment Date, the District shall credit to the Debt Service Account an amount equal to the deficiency from any Net Revenues in the Subordinate Obligations Account.

B. If, after the credit described in Section 5.2.A, the amounts available to pay Debt Service Account is not sufficient to pay all amounts due on the Payment Date, the District shall allocate the available amounts:

- (i) First, to pay Bond interest, and pro rata based on the amount due on Bonds if the available amount is not sufficient to pay all Bond interest that is due on that Payment Date; and,
- (ii) Second, to pay Bond principal and premium that is due on that Payment Date, and pro rata based on the amount of principal and premium due on each Bond if the available amount is not sufficient to pay all Bond principal and premium that is due on that Payment Date.

C. If, after the allocation described in Section 5.2.B, there is not enough to pay all principal, interest and premium allocated to pay Bonds that are secured by a subaccount in the Bond Reserve Account, the District shall apply any amounts available in the subaccounts in the Bond Reserve Account, but only to pay the principal, interest and premium on the Bonds that are secured by those subaccounts.

D. The District shall transfer sufficient amounts from the Debt Service Account to the Paying Agent in time to permit the Paying Agent to pay all Bond principal, interest and premium (if any) when due in accordance with the Bonds.

E. Amounts in the Debt Service Account shall be invested only in Permitted Investments. Earnings on the Debt Service Account shall be credited to the Debt Service Account.

5.3. Bond Reserve Account.

A. The Bond Reserve Account shall be held by the District and the District may create subaccounts in the Bond Reserve Account to secure Bonds. When each subaccount is created, the District shall determine whether the subaccount will secure one or more Series of Bonds. If the District creates a subaccount in the Bond Reserve Account, the District shall, when it issues the first Series of Bonds that is secured by that subaccount: a) establish the Reserve Requirement for that subaccount; b) pledge amounts credited to that subaccount to pay the Bonds that are secured by that subaccount; and c) determine if the Reserve Requirement for that subaccount may be funded with a Reserve Credit Facility, the requirements for such Reserve Credit Facility, and the valuation and replenishment provisions related to such Reserve Credit Facility.

B. The District shall not create any subaccounts in the Bond Reserve Account for any purpose except securing Bonds in accordance with this Master Declaration.

5.4. The First Reserve Subaccount and the First Reserve Subaccount Reserve Requirement.

A. The First Reserve Subaccount is hereby created in the Bond Reserve Account. The First Reserve Subaccount shall secure only the Series 2023 Bonds and any subsequent Series of Bonds to which the amounts in the First Reserve Subaccount are pledged. Except as specifically provided in this Section 5.4, amounts credited to the First Reserve Subaccount shall be used only to pay principal, interest and premium, if any, on any Series of Bonds that are secured by the First Reserve Subaccount, and only if amounts in the Debt Service Account are not sufficient to make those payments.

B. The District hereby irrevocably pledges the amounts that are credited to the First Reserve Subaccount to pay the Series 2023 Bonds. Pursuant to ORS 287A.310, this pledge shall be valid and binding from the Closing date of the Series 2023 Bonds. The amounts so pledged and hereafter received by the District shall immediately be subject to the lien of this pledge without any physical delivery or further act, and the lien of this pledge shall be superior to all other claims and liens whatsoever to the fullest extent permitted by ORS 287A.310.

C. At Closing of the Series 2023 Bonds the District shall deposit into the First Reserve Subaccount an amount equal to the First Reserve Subaccount Reserve Requirement. The deposit may be made from Gross Revenues pursuant to Section 4.1.C, from Series 2023 Bond proceeds, or other amounts available to the District.

D. The District covenants to maintain a balance in the First Reserve Subaccount which is equal to the First Reserve Subaccount Reserve Requirement, but solely from deposits of Gross Revenues pursuant to Section 4.1.C, a Closing deposit pursuant to Section 5.4.C, and similar Closing deposits for any subsequent Series of Bonds secured by the First Reserve Subaccount. The balance in the First Reserve Subaccount shall be equal to the sum of the following amounts, calculated as of the most recent First Reserve Subaccount Valuation Date: the cash credited to the First Reserve Subaccount; plus the value of Permitted Investments in the First Reserve Subaccount. The balance in the First Reserve Subaccount shall not include the amount of any Reserve Credit Facilities.

E. If the balance in the First Reserve Subaccount on a First Reserve Subaccount Valuation Date is less than the First Reserve Subaccount Reserve Requirement, the District shall begin making transfers of Gross Revenues to the First Reserve Subaccount in accordance with Section 4.1.C.

F. Transfers required under Section 4.1.C shall: 1) be equal to at least 1/12 of the deficiency discovered on the first First Reserve Subaccount Valuation Date on which the balance in the First Reserve Subaccount is less than the First Reserve Subaccount Requirement and 2) continue until the balance in the First Reserve Subaccount is equal to the First Reserve Subaccount Reserve Requirement.

G. If the balance in the First Reserve Subaccount on a First Reserve Subaccount Valuation Date is greater than the First Reserve Subaccount Reserve Requirement the District may transfer the excess to the Debt Service Account or the Subordinate Obligations Account.

H. Earnings on the First Reserve Subaccount shall be credited to that subaccount whenever the balance in that subaccount is less than the First Reserve Subaccount Reserve Requirement. Otherwise, earnings shall be credited to the Debt Service Account.

I. Moneys in the First Reserve Subaccount may be invested only in Permitted Investments that mature no later than the final maturity date of the Bonds that are secured by the First Reserve Subaccount.

J. Permitted Investments in the First Reserve Subaccount shall be valued on each First Reserve Subaccount Valuation Date in the following manner:

- (i) Demand deposits, deposits in the Oregon Short Term Fund and other investments which mature in two years or less after the First Reserve Subaccount Valuation Date shall be valued at their face amount, plus accrued interest;
- (ii) Investments which mature more than two years after the First Reserve Subaccount Valuation Date and for which bid and asked prices are published on a regular basis in the Wall Street Journal (or, if not there, then in the New York Times) shall be valued at the average of their most recently published bid and asked prices;

- (iii) Investments which mature more than two years after the First Reserve Subaccount Valuation Date and for which the bid and asked prices are not published on a regular basis in the Wall Street Journal or the New York Times shall be valued at the average bid price quoted by any two nationally recognized government securities dealers (selected by the District in its absolute discretion) at the time making a market in such investments or the bid price published by a nationally recognized pricing service;
- (iv) Certificates of deposit and bankers acceptances which mature more than two years after the First Reserve Subaccount Valuation Date shall be valued at their face amount, plus accrued interest; and
- (v) Any investment which is not specified above and which matures more than two years after the First Reserve Subaccount Valuation Date shall be valued at its fair market value as reasonably estimated by the District.

K. Withdrawals from the First Reserve Subaccount shall be made in the following order of priority:

- (i) **First**, from any cash on deposit in the First Reserve Subaccount; and
- (ii) **Second**, from the liquidation proceeds of any Permitted Investments on deposit in such First Reserve Subaccount.

L. All amounts on deposit in the First Reserve Subaccount may be applied to the final payment (whether at maturity or by prior redemption) of the last remaining Series of Bonds secured by the First Reserve Subaccount. Amounts so applied shall be credited against the amounts the District is required to transfer into the Debt Service Account under Section 4.1.B.

M. Amounts in the First Reserve Subaccount may be transferred into escrow to defease Bonds secured by the First Reserve Subaccount, but only if the balance remaining in the First Reserve Subaccount after the transfer is at least equal to the First Reserve Subaccount Reserve Requirement for the Bonds secured by the First Reserve Subaccount which remain Outstanding after the defeasance.

5.5. Subordinate Obligations Account. The District hereby creates the Subordinate Obligations Account and will maintain the Subordinate Obligations Account as long as Subordinate Obligations are Outstanding. The Subordinate Obligations Account may be divided into subaccounts, and the District may establish priorities for funding the subaccounts in the Subordinate Obligations Subaccount. Net Revenues shall be deposited into the Subordinate Obligations Account only as permitted by Section 4.1.E. Earnings on the Subordinate Obligations Account shall be credited as provided in the proceedings authorizing the Subordinate Obligations.

5.6. Rate Stabilization Account. The District hereby creates the Rate Stabilization Account in the Sewer Fund and will maintain that account as long as Bonds are Outstanding. Net

Revenues may be transferred to the Rate Stabilization Account at the option of the District as permitted by Section 4.1.F. Money in the Rate Stabilization Account may be withdrawn at any time and used for any purpose for which the Gross Revenues may be used.

A. Except as provided in the next sentence, deposits to the Rate Stabilization Account increase Operating Expenses in the Fiscal Year for which the deposit is made. [Will there be a deposit at closing?]

B. Withdrawals from the Rate Stabilization Account increase Gross Revenues in the Fiscal Year for which the withdrawal is made.

C. The District may adjust deposits to and withdrawals from the Rate Stabilization Account for a Fiscal Year at any time prior to the date on which the audit for that Fiscal Year is finalized.

D. Earnings on the Rate Stabilization Account shall be credited to the Sewer Fund.

Section 6. Rate Covenant; Calculations Relating to Balloon Indebtedness.

6.1. The District covenants for the benefit of the Owners that it will establish and maintain rates and charges in connection with the operation of the Sewer System which are sufficient to permit the District to pay all Operating Expenses and all lawful charges against the Net Revenues, and to make all transfers required by this Master Declaration to the Debt Service Account, the Bond Reserve Account and the Subordinate Obligations Account.

The District covenants for the benefit of the Owners of all Bonds that it shall charge rates and fees in connection with the operation of the Sewer System which, when combined with other Gross Revenues are adequate to generate:

Net Revenues each Fiscal Year at least equal to [one hundred ten percent (110%)] of Annual Bond Debt Service due in that Fiscal Year.

6.2. Not later than six months after the end of each Fiscal Year, the District shall prepare a report that demonstrates whether the District has complied with Section 6.2 during that Fiscal Year and shall file that report in the District records. If the report demonstrates that the District has not complied with Section 6.2 during that Fiscal Year, it shall not constitute a default under this Master Declaration if, within thirty (30) days after the report is filed, the District files a certificate of an Authorized Officer that specifies the actions that the District has taken and will take within the next ninety (90) days to permit the District to comply with Section 6.2 for the remainder of the Fiscal Year in which the report is filed, and for the succeeding Fiscal Year, and the District takes the actions specified by the Authorized Officer, or actions having a comparable effect.

6.3. The Estimated Debt Service Requirement for Balloon Indebtedness shall be calculated in accordance with this Section 6.3.

A. For the Rate Covenants: For each Balloon Payment that is Outstanding on May 1 of any Fiscal Year, the Authorized Officer shall prepare a schedule of principal and interest payments for a hypothetical Series of Bonds that refunds that Balloon Payment in accordance with Section 6.3.D. The Authorized Officer shall prepare that schedule as of that first day of May, and that schedule shall be used to determine compliance with the rate covenant in Section 6.2 for the following Fiscal Year.

B. For Parity Bonds: Whenever a Balloon Payment will be Outstanding on the date a Series of Parity Bonds is issued, the Authorized Officer shall prepare a schedule of principal and interest payments for a hypothetical Series of Bonds that refunds each Outstanding Balloon Payment in accordance with Section 6.3.D. The Authorized Officer shall prepare that schedule as of the date the Parity Bonds are sold, and that schedule shall be used to determine compliance with the tests for Parity Bonds in Section 7.1.

C. For the Reserve Requirement: Whenever a Series of Bonds that contains a Balloon Payment is issued, the Authorized Officer shall prepare a schedule of principal and interest payments for a hypothetical Series of Bonds that refunds each Balloon Payment in that Series in accordance with Section 6.3.D. The Authorized Officer shall prepare that schedule as of the date the Series is sold, and that schedule shall be combined with the schedule for payment of any debt service on Bonds that are secured by the same subaccount, and that combined schedule shall be used to determine the Reserve Requirement as long as that Series is Outstanding.

D. Each hypothetical Series of refunding Bonds shall be assumed to be paid in equal annual installments of principal and interest that are sufficient to amortize the principal amount of the Balloon Payment over the term selected by the Authorized Officer; however, the Authorized Officer shall not select a term that exceeds the lesser of 30 years from the date the Balloon Payment is originally scheduled to be paid or, if less, the District's estimate of the remaining weighted average useful life (expressed in years and rounded to the next highest integer) of the assets which are financed with the Balloon Payment. The annual installments shall be assumed to be due on the anniversaries of the date the Balloon Payment is originally scheduled to be paid, with the first installment due on the date the Balloon Payment is scheduled to be paid. The hypothetical Series of refunding Bonds shall be assumed to bear interest at the Bond Buyer Revenue Bond Index (or if the Bond Buyer Revenue Bond Index is not available, a reasonably comparable index selected by the District) for a revenue bond with a term determined as described above. When the District prepares a schedule described in Section 6.3.A, Section 6.3.B or Section 6.3.C, the District shall use the index that is available to the District on the date the District is required to prepare that schedule.

Section 7. Parity Bonds.

7.1. The District may issue Parity Bonds to provide funds for any purpose relating to the Sewer System, but only if:

A. No Event of Default under this Master Declaration or any Supplemental Declaration has occurred and is continuing;

B. At the time of the issuance of the Parity Bonds there is no deficiency in the Debt Service Account, and the balance in the Bond Reserve Account is at least equal to the Reserve Requirement;

C. There shall have been filed with the District either:

(i) A certificate of the Authorized Officer stating that Net Revenues (adjusted as provided in Section 7.2) for the Base Period were not less than [one hundred ten percent (110%)] of Maximum Annual Bond Debt Service on all then Outstanding Bonds, calculated as of the date the Parity Bonds are issued and with the proposed Parity Bonds treated as Outstanding; or

(ii) A certificate or opinion of a Qualified Consultant:

(a) Stating the amount of the Adjusted Net Revenues for each of the five Fiscal Years after the last Fiscal Year for which interest on the Parity Bonds is, or is expected to be, capitalized, or, if interest will not be capitalized, for each of the five Fiscal Years after the proposed Parity Bonds are issued; and

(b) Concluding that the respective amounts of Adjusted Net Revenues in each of the first four Fiscal Years described in Section 7.1.C(ii)(a) are at least equal to [one hundred ten percent (110%)] of the Annual Bond Debt Service for each of those respective Fiscal Years on all Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding;

(c) Concluding that the amount of Adjusted Net Revenues in the fifth Fiscal Year described in Section 7.1.C(ii)(a) is at least equal to [one hundred ten percent (110%)] of the Maximum Annual Bond Debt Service, calculated for the period beginning with that fifth Fiscal Year on all then Outstanding Bonds, with the proposed Parity Bonds treated as Outstanding.

7.2. The District may adjust Net Revenues for purposes of Section 7.1.C(i) by adding any Net Revenues the Authorized Officer calculates the District would have had during the Base Period because of increases in Sewer System rates, fees and charges which have been adopted by the District and are in effect on or before the date the Parity Bonds are issued. The District shall adjust Net Revenues for the Base Period by eliminating the effect of any withdrawals from or deposits to the Rate Stabilization Account. If the Base Period is not a fiscal year, withdrawals from and deposits to the Rate Stabilization Account for Fiscal Years that are included in the Base Period shall be treated as if they were made in equal, monthly amounts.

7.3. The Qualified Consultant shall calculate Adjusted Net Revenues for purposes of Section 7.1.C(ii) as provided in this Section 7.3:

A. The District shall provide the Qualified Consultant with the following information:

- (i) The Base Period, the Net Revenues for the Base Period and the amounts of any withdrawals from or deposits to the Rate Stabilization Account for Fiscal Years that are included in the Base Period;
- (ii) Information regarding any Sewer System utility properties that are being acquired with Parity Bonds and have an earnings record;
- (iii) Any changes in rates and charges which have been adopted by the District since the beginning of the Base Period and the dates on which they are scheduled to take effect;
- (iv) Any changes in customers since the beginning of the Base Period; and,
- (v) A description of any extensions or additions to the Sewer System that were in the process of construction at the beginning of the Base Period or commenced construction after the beginning of the Base Period, the expected date of completion of those extensions or additions, the estimated operating and capital costs of those extensions or additions, and any other changes to the Gross Revenues or Operating Expenses that the District reasonably expects to result from the completion and operation of those extensions or additions.

B. Using the information provided by the District pursuant to Section 7.3.A and any additional information the Qualified Consultant determines is necessary, the Qualified Consultant shall adjust the Net Revenues for the Base Period to eliminate the effect of any withdrawals from or deposits to the Rate Stabilization Account in the manner described in Section 7.2, and may adjust the Net Revenues for the Base Period:

- (i) To reflect any changes that the Qualified Consultant projects will result from the acquisition of Sewer System utility properties that are being financed with the Parity Bonds and that have an earnings record;
- (ii) To reflect any changes in rates and charges which have been adopted by the District and which are scheduled to take effect during the period described in Section 7.1.C(ii)(a), or which increase rates and charges for inflation at a level which the Qualified Consultant determines is reasonable;
- (iii) To reflect any changes in customers of the Sewer System that occurred after the beginning of the Base Period and prior to the date of the Qualified Consultant's certificate; and
- (iv) To reflect any changes to Gross Revenues or Operating Expenses not included in the preceding paragraphs that are projected to result from the completion and operation of additions and extensions to the Sewer System that were under construction at the beginning of the Base Period, or commenced construction after the beginning of the Base Period.

7.4. The District may issue Parity Bonds to refund Outstanding Bonds without complying with Section 7.1 if the refunded Bonds are defeased on the date of delivery of the refunding Parity Bonds and if the Annual Bond Debt Service on the refunding Parity Bonds does not exceed the Annual Bond Debt Service on the refunded Bonds in any Fiscal Year by more than \$5,000.

7.5. All Parity Bonds issued in accordance with this Section 7 shall have a lien on the Net Revenues which is equal to the lien of all other Outstanding Bonds.

Section 8. Subordinate Obligations.

The District may issue Subordinate Obligations only if:

8.1. The Subordinate Obligations are payable solely from amounts permitted to be deposited in the Subordinate Obligations Account pursuant to Section 4.1.E;

8.2. The Subordinate Obligations state clearly that they are secured by a lien on or pledge of the Net Revenues which is subordinate to the lien on, and pledge of, the Net Revenues for the Bonds.

Section 9. Separate Utility System.

The District may declare property which the District owns and is part of the Sewer System (but has a value of less than five percent of the Sewer System at the time of the declaration), and property which the District has not yet acquired but would otherwise become part of the Sewer System, to be part of a Separate Utility System. The District may pay costs of acquiring, operating and maintaining Separate Utility Systems from Net Revenues, but only if there is no deficit in the Debt Service Account or the Bond Reserve Account. The District may issue obligations which are secured by the revenues produced by the Separate Utility System, and may pledge the Separate Utility System revenues to pay those obligations. In addition, the District may issue Subordinate Obligations to pay for costs of a Separate Utility System, and may pledge the revenues of the Separate Utility System to pay the Subordinate Obligations.

Section 10. General Covenants.

The District hereby covenants and agrees with the Owners of all Outstanding Bonds as follows:

10.1. The District shall promptly cause the principal, premium, if any, and interest on the Bonds to be paid as they become due in accordance with the provisions of this Master Declaration and any Supplemental Declaration.

10.2. The District shall maintain complete books and records relating to the operation of the Sewer System and all District funds and accounts in accordance with generally accepted accounting principles, shall cause such books and records to be audited annually at the end of each Fiscal Year, and shall have an audit report prepared by the Auditor and made available for the inspection of Owners.

10.3. The District shall not issue obligations which have a lien on the Net Revenues that is superior to the lien of the Bonds except for obligations to pay Operating Expenses.

10.4. The District shall promptly deposit the Gross Revenues and other amounts described in this Master Declaration into the funds and accounts specified in this Master Declaration.

10.5. The District shall work in good faith to cause the Sewer System to be operated at all times in a safe, sound, efficient and economic manner in compliance with all health, safety and environmental laws, regulatory body rules, regulatory body orders and court orders applicable to the District's operation and ownership of the Sewer System.

10.6. The District shall maintain the Sewer System in good repair, working order and condition.

10.7. The District shall not enter into any new agreements or arrangements or make any new offers to provide Sewer System services at a discount from published rate schedules or provide free Sewer System services except: a) for District-owned facilities, b) in case of emergencies, c) where the District exchanges services with other sewer systems, or d) where in the reasonable judgment of the District such action does not materially reduce the Gross Revenues received by the District.

10.8. The District shall at all times maintain with responsible insurers all such insurance on the Sewer System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to such works or properties.

A. The net proceeds of insurance against accident to or material destruction of the Sewer System shall be used to repair or rebuild the damaged or destroyed Sewer System, and to the extent not so applied, will be applied to the payment or redemption of the Bonds.

B. The insurance described in Section 10.8 shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the District, or in the form of self-insurance by the District. The District shall establish such fund or funds or reserves which it deems are necessary to provide for its share of any such self-insurance.

10.9. The District shall not voluntarily, nor shall it permit others to, sell, mortgage or otherwise permanently dispose of all or any portion of the Sewer System except:

A. The District may dispose of all or substantially all of the Sewer System, only if the District pays all Bonds or defeases them pursuant to Section 13.

B. Except as provided in Section 10.9.C, the District will not voluntarily dispose of any part of the Sewer System in excess of 10% of the value of the Sewer System in service unless prior to such disposition either:

(i) There has been filed with the District a certificate of a Qualified Consultant or Authorized Officer stating that such disposition will not

impair the ability of the District to comply with the rate covenants contained in Sections 6.1 of this Master Declaration; or

- (ii) Provision is made for the payment, redemption or other defeasance of a principal amount of Bonds equal to the greater of the following amounts:
 - (a) An amount which will be in the same proportion to the net principal amount of Bonds then Outstanding (defined as the total principal amount of Bonds then Outstanding less the amount of cash and investments in the Debt Service Account, the Bond Reserve Account, and the Subordinate Obligations Account) that the Gross Revenues attributable to the part of the Sewer System sold or disposed of for the 12 preceding months bears to the total Gross Revenues for such period; or
 - (b) An amount which will be in the same proportion to the net principal amount of Bonds then Outstanding that the book value of the part of the Sewer System sold or disposed of bears to the book value of the Sewer System immediately prior to such sale or disposition.

C. The District may dispose of any portion of the Sewer System that has become unserviceable, inadequate, obsolete, or unfit to be used or no longer necessary for use in the operation of the Sewer System.

D. If the ownership of all or part of the Sewer System is transferred from the District through the operation of law, the District shall to the extent authorized by law, reconstruct or replace such transferred portion using any proceeds of the transfer unless the District Board reasonably determines that such reconstruction or replacement is not in the best interest of the District and the Owners, in which case any proceeds shall be used for the payment, redemption or defeasance of the Bonds.

Section 11. Events of Default and Remedies.

11.1. Continuous Operation Essential. The District Board hereby finds and determines that the continuous operation of the Sewer System and the collection, deposit and disbursement of the Net Revenues in the manner provided in this Master Declaration and in any Supplemental Declaration are essential to the payment and security of the Bonds, and the failure or refusal of the District to perform the covenants and obligations contained in this Master Declaration or any such Supplemental Declaration will endanger the necessary continuous operation of the Sewer System and the application of the Net Revenues to the operation of the Sewer System and the payment of the Bonds.

11.2. Events of Default. The following shall constitute “Events of Default” so long as they are occurring and have not been cured in accordance with the terms of this Master Declaration:

- A. If the District shall fail to pay any Bond principal or interest when due.

B. Except as provided in Section 11.3, if the District shall default in the observance and performance of any other of its covenants, conditions and agreements in this Master Declaration and the default continues for ninety (90) days after the District receives a written notice, specifying the Event of Default and demanding the cure of such default, from a Credit Provider or from the Owners of not less than 25% in aggregate principal amount of the Bonds Outstanding.

C. If the District shall sell, mortgage or otherwise permanently dispose of all or any portion of the Sewer System in violation of Section 10.9.

D. If an order, judgment or decree shall be entered by any court of competent jurisdiction:

- (i) Appointing a receiver, trustee or liquidator for the District or the whole or any part of the Sewer System;
- (ii) Approving a petition filed against the District seeking the bankruptcy, arrangement or reorganization of the District under any applicable law of the United States or the State; or
- (iii) Assuming custody or control of the District or of the whole or any part of the Sewer System under the provisions of any other law for the relief or aid of debtors and such order, judgment or decree shall not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control shall not be otherwise terminated) within sixty (60) days from the date of the entry of such order, judgment or decree.

E. If the District shall:

- (i) Admit in writing its inability to pay its debts generally as they become due;
- (ii) File a petition in bankruptcy or seeking a composition of indebtedness under any state or federal bankruptcy or insolvency law;
- (iii) Consent to the appointment of a receiver of the whole or any part of the Sewer System; or
- (iv) Consent to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the District or of the whole or any part of the Sewer System.

11.3. Exception. It shall not constitute an Event of Default under Section 11.2.B if the default cannot practicably be remedied within ninety (90) days after the District receives notice of the default, so long as the District promptly commences reasonable action to remedy the default after the notice is received, and continues reasonable action to remedy the default until the default is remedied.

11.4. Remedies. If an Event of Default occurs, any Owner may exercise any remedy available at law or in equity. However, the Bonds shall not be subject to acceleration.

- A. Books of District Open to Inspection.
 - (i) The District covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the District and all other records relating to the Sewer System shall at all reasonable times be subject to the inspection and use of any persons holding at least twenty percent (20%) of the principal amount of Outstanding Bonds and their respective agents and attorneys.
 - (ii) The District covenants that if the Event of Default shall happen and shall not have been remedied, the District will continue to account, as a trustee of an express trust, for all Net Revenues and other moneys, securities and funds pledged under this Master Declaration.

B. Appointment of Trustee. Whenever any Event of Default exists, Owners representing 51 percent or more of the Outstanding Bonds may appoint a commercial bank or other financial institution with a reported capital and surplus in excess of \$50 million as trustee (the "Trustee") to represent the interests of the Owners.

11.5. Trustee Duties Upon Default.

A. Upon the occurrence of an Event of Default the Trustee may pursue any other available remedy at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the outstanding Bonds, and to enforce any rights of the Trustee under or with respect to the Master Declaration.

B. In addition, upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Owners under the Master Declaration, the Trustee will be entitled, as a matter of right to the fullest extent permitted by Oregon law, to the appointment of a receiver or receivers of the Net Revenues and other amounts pledged under the Master Declaration, pending such proceedings, with such powers as the court making such appointment may confer.

C. If an Event of Default has occurred and be continuing and if requested so to do by the Owners of at least 25% in aggregate principal amount of Outstanding Bonds and indemnified as provided in the Master Declaration, the Trustee will be obligated to exercise any of the rights and powers conferred by this Master Declaration, as the Trustee, being advised by counsel, deems most expedient in the interest of the Owners.

D. If a Trustee has been appointed pursuant to Section 11.4.B, no Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Master Declaration, unless:

- (i) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;

- (ii) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise its powers under the Master Declaration;
- (iii) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and
- (iv) the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

E. If the Trustee takes any judicial or other action in an Event of Default the Trustee has full power in its direction with respect to any continuance, discontinuance, withdrawal, compromise, settlement or other disposition of such action, unless opposed by the written request of the Owners of a majority in aggregate principal amount of the Outstanding Bonds. The Trustee is appointed attorney-in-fact of the Owners for the purpose of bringing any suit action or proceedings in an Event of Default.

F. Waivers of Event of Default.

- (i) No delay or omission of any Owner or of the Trustee to exercise any right or power arising upon the happening of an Event of Default shall impair any right or power or shall be construed to be a waiver of any such Event of Default or to be an acquiescence therein; and every power and remedy given by this Section 11 to the Owners and to the Trustee may be exercised from time to time and as often as may be deemed expedient by the Owners and/or the Trustee as applicable.
- (ii) The owners of not less than fifty percent (50%) in principal amount of the affected Bonds that are at the time Outstanding, or their attorneys-in-fact duly authorized, or the Trustee may, on behalf of the Owners of all of affected Bonds, waive any past default under this Master Declaration with respect to such Bonds and its consequences, except a default in the payment of the principal of, premium, if any, or interest on any of the Bonds. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.
- (iii) If a default occurs under Section 6 and that default has not become an Event of Default, that default shall be deemed waived at the end of the first Fiscal Year following that default in which the District has complied with Section 6.

11.6. Remedies Granted in Master Declaration Not Exclusive.

No remedy by the terms of this Master Declaration conferred upon or reserved to the Owners is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Master Declaration or

existing at law or in equity or by statute on or after the date of adoption of this Master Declaration. However, the Bonds shall not be subject to acceleration.

Section 12. Amendment of Master Declaration.

12.1. This Master Declaration may be amended by Supplemental Declaration without the consent of any Owners for any one or more of the following purposes:

- A. To cure any ambiguity or formal defect or omission in this Master Declaration;
- B. To add to the covenants and agreements of the District in this Master Declaration, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Master Declaration as theretofore in effect;
- C. To authorize issuance of Bonds or Subordinate Obligations as permitted by this Master Declaration;
- D. To modify, amend or supplement this Master Declaration or any Supplemental Declaration to qualify this Master Declaration under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of any Bonds for sale under the securities laws of any of the states of the United States of America;
- E. To confirm, as further assurance, any security interest or pledge created under this Master Declaration or any Supplemental Declaration;
- F. To make any change which, in the reasonable judgment of the District, does not materially and adversely affect the rights of the owners of any Outstanding Bonds;
- G. So long as a Credit Facility (other than a Reserve Credit Facility) is in full force and effect with respect to the Bonds affected by such Supplemental Declaration, to make any other change which is consented to in writing by the issuer of such Credit Facility other than any change which:
 - (i) Would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies;
 - (ii) Changes the maturity (except as permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility;
 - (iii) Materially and adversely affects the rights and security afforded to the Owners of any Outstanding Bonds not secured by such Credit Facility; or

H. To modify any of the provisions of this Master Declaration or any Supplemental Declaration in any other respect whatever, as long as the modification shall take effect only after all affected Outstanding Bonds cease to be Outstanding.

12.2. This Master Declaration may be amended for any other purpose only upon consent of Owners of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds Outstanding; provided, however, that no amendment shall be valid without the consent of Owners of 100 percent (100%) of the aggregate principal amount of the Bonds Outstanding which:

A. Extends the maturity of any Bond, reduces the rate of interest upon any Bond, extends the time of payment of interest on any Bond, reduces the amount of principal payable on any Bond, or reduces any premium payable on any Bond, without the consent of the affected Owner; or

B. Reduces the percent of Owners required to approve Supplemental Declarations.

12.3. For purposes of Section 12.4, and subject to Section , the initial purchaser of a series of Bonds may be treated as the Owner of that Series at the time that series of Bonds is delivered in exchange for payment.

12.4. Except as otherwise expressly provided in Section 12.5, Section 12.6 or a Supplemental Declaration, as long as a Credit Facility securing all or a portion of any Outstanding Bonds is in effect, the issuer of such Credit Facility shall be deemed to be the Owner of the Bonds secured by such Credit Facility for the purpose of the execution and delivery of a Supplemental Declaration or of any amendment, change or modification of this Master Declaration or the initiation by Owners of any action which under this Master Declaration requires the written approval or consent of or can be initiated by the Owners of at least a majority in principal amount of the affected Bonds at the time Outstanding; and following an Event of Default for all other purposes;

12.5. The issuer of a Credit Facility shall not be deemed to be an Owner for purposes of any amendment, change or modification of this Master Declaration which:

A. Would result in a downgrading or withdrawal of the rating then assigned to the affected Bonds by the Rating Agencies; or

B. Changes the maturity (except as expressly permitted herein), the Interest Payment Dates, interest rates, redemption and purchase provisions, and provisions regarding notices of redemption and purchase applicable to the affected Bonds or diminishes the security afforded by such Credit Facility; or

C. Reduces the percentage or otherwise affects the classes of affected Bonds, the consent of the Owners of which is required to effect any such modification or amendment.

12.6. No issuer of a Credit Facility shall be entitled to act as an Owner during any period in which:

- A. The issuer's Credit Facility is not in full force and effect;
- B. The issuer of a Credit Facility shall have filed a petition or otherwise sought relief under any federal or state bankruptcy or similar law;
- C. The issuer of the Credit Facility shall, for any reason, have failed or refused to honor a proper demand for payment under such Credit Facility; or
- D. An order or decree shall have been entered, with the consent or acquiescence of the issuer of a Credit Facility, appointing a receiver or receivers or the assets of the issuer of a Credit Facility, or if such order or decree having been entered without the consent or acquiescence of the issuer of a Credit Facility, shall not have been vacated or discharged or stayed within ninety (90) days after the entry thereof.

12.7. For purposes of determining the percentage of Owners consenting to, waiving or otherwise acting with respect to any matter that may arise under this Master Declaration, the Owners of Bonds which pay interest only at maturity, and mature more than one year after they are issued shall be treated as Owners of Bonds in an aggregate principal amount equal to the accreted value of such Bonds as of the date the Paying Agent sends out notice of requesting consent, waiver or other action as provided herein.

Section 13. Defeasance.

13.1. The District shall be obligated to pay Bonds which are defeased pursuant to this Section solely from the money and Government Obligations deposited with the escrow agent or trustee, and the District shall have no further obligation to pay the defeased Bonds from any source except the amounts deposited in the escrow. Bonds shall be deemed defeased if the District:

- A. Irrevocably deposits money or noncallable Government Obligations in escrow with an independent trustee or escrow agent which are calculated to be sufficient for the payment of Bonds without reinvestment which are to be defeased;
- B. Files with the escrow agent or trustee an opinion from an independent, certified public accountant to the effect that the money and the principal and interest to be received from the Government Obligations are calculated to be sufficient, without further reinvestment, to pay the defeased Bonds when due; and
- C. Files with the escrow agent or trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause interest on the defeased Bonds to be includable in gross income under the Code.

Section 14. BEO System.

14.1. Unless otherwise provided by a Supplemental Declaration or Section 17, all Bonds shall be subject to the BEO System pursuant to the provisions of this Section 14.1.

14.2. The Bonds shall be initially issued as a BEO security issue with no Bonds being made available to the Owners upon the execution and delivery of the letter of representations among the Paying Agent, DTC and the District. Ownership of the Bonds shall be recorded through entries on the books of banks and broker-dealer participants and correspondents that are related to entries on the DTC BEO system. The Bonds shall be initially issued in the form of separate single fully registered typewritten Bonds for each maturity of the Bonds (the “Global Bonds”) in substantially the form attached hereto as Exhibit A with such changes as the Authorized Officer may approve. Each Global Bond shall be registered in the name of Cede & Co., as nominee (the “Nominee”) of DTC (DTC and any other qualified securities depository designated by the District as a successor to DTC, collectively the “Depository”) as the “Registered Owner”, and such Global Bonds shall be lodged with the Depository until early redemption or maturity of the Bond issue. The Paying Agent shall remit payment for the maturing principal and interest on the Bonds to the Owner for distribution by the Nominee for the benefit of the owners (the “Beneficial Owner” or “Record Owner”) by recorded entry on the books of the Depository participants and correspondents. While the Bonds are in BEO form, the Bonds will be available in denominations of \$5,000 or any integral multiple thereof within a maturity.

14.3. In the event the Depository determines not to continue to act as securities depository for the Bonds, or the District determines that the Depository shall no longer so act, then the District will discontinue the BEO system with the Depository. If the District fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a BEO system, the Bonds shall no longer be a BEO issue but shall be registered in the registration books maintained by the Paying Agent in the name of the Owner as appearing on the Bond register and thereafter in the name or names of the Owners of the Bonds transferring or exchanging Bonds.

14.4. While the Bonds are in BEO form, the District and the Paying Agent shall have no responsibility or obligation to any participant or correspondent of the Depository or to any Registered Owner on behalf of which such participants or correspondents act as agent for the Owner with respect to:

- A. The accuracy of the records of the Depository, the Nominee or any participant or correspondent with respect to any ownership interest in the Bonds;
- B. The delivery to any participant or correspondent or any other person, other than an Owner as shown in the registration books maintained by the Paying Agent, of any notice with respect to the Bonds, including any notice of redemption;
- C. The selection by the Depository of the beneficial interest in Bonds to be redeemed prior to maturity; or
- D. The payment to any participant, correspondent, or any other person other than the owner of the Bonds as shown in the registration books maintained by the Paying Agent, of any amount with respect to principal of or interest on the Bonds.

14.5. Notwithstanding the BEO system, the District may treat and consider the Owner in whose name each Bond is registered in the registration books maintained by the Paying Agent as the Owner and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, or for the purpose of giving notices of redemption and other matters with respect to such Bond, or for the purpose of registering transfers with respect to such Bond, or for all other purposes whatsoever. The District shall pay or cause to be paid all principal and interest on the Bonds only to or upon the order of the Registered Owner, as shown in the registration books maintained by the Paying Agent, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligation with respect to payment thereof to the extent of the sum or sums so paid.

14.6. Upon delivery by the Depository to the District and to the Owner of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, then the word "Nominee" in this Master Declaration shall refer to such new nominee of the Depository, and upon receipt of such notice, the District shall promptly deliver a copy thereof to the Paying Agent. The Depository shall tender the Bonds it holds to the Paying Agent for re-registration.

Section 15. Redemption of Bonds.

15.1. Unless otherwise provided by a Supplemental Declaration or Section 17, all Bonds shall be subject to the redemption terms of this Section 15.

15.2. The District reserves the right to purchase Bonds in the open market.

15.3. If Bonds are subject to mandatory redemption the Paying Agent shall, without further action by the District, select the particular Bonds to be redeemed in accordance with the mandatory redemption schedule, by lot within each maturity, call the selected Bonds, and give notice of their redemption in accordance with this Section 15.

15.4. If certain maturities of Bonds are subject to both optional and mandatory redemption, the District may elect to apply any of those Bonds which it has previously optionally redeemed. In addition, if the District purchases Bonds which are subject to mandatory redemption, the District may elect to apply against the mandatory redemption requirement any such Bonds which it has previously purchased. If the District makes such an election, it shall notify the Paying Agent not less than sixty days prior to the mandatory redemption date to which the election applies.

15.5. So long as the BEO System remains in effect with respect to the Bonds, and unless DTC consents to a shorter period, the Paying Agent shall provide not less than 20 days' nor more than 60 days' notice of redemption, and shall provide such information in connection therewith as required by the letter of representations submitted to DTC in connection with the issuance of the Bonds.

15.6. During any period in which the BEO System is not in effect with respect to the Bonds, unless waived by any Owner of the Bonds to be redeemed, official notice of any redemption of Bonds shall be given by the Paying Agent on behalf of the District by mailing a

copy of an official redemption notice by first class mail, postage prepaid, at least 20 days and not more than 60 days prior to the date fixed for redemption to the Owner of the Bonds to be redeemed, at the address shown on the Bond Register or at such other address as is furnished in writing by such owner to the Paying Agent. All such official notices of redemption shall be dated and shall state:

- A. The redemption date;
- B. The redemption price;
- C. If less than all Outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed;
- D. That on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and
- E. The place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the principal office of the Paying Agent.

15.7. The District shall deposit with the Paying Agent, on or before the redemption date, an amount of money sufficient to pay the redemption price of all the Bonds or portions of Bonds which are to be redeemed on that date.

15.8. Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price or unless the notice was conditional as described in Section 15.9) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Paying Agent at the Redemption Price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond of the same maturity in the amount of the unpaid principal. All Bonds which have been redeemed shall be canceled and destroyed by the Paying Agent and shall not be reissued. Notwithstanding that any Bonds called for redemption shall not have been surrendered, no further interest shall accrue on any such Bonds. From and after such notice having been given and such deposit having been made, the Bonds to be redeemed shall not be deemed to be Outstanding hereunder, and the District shall be under no further liability in respect thereof.

15.9. Any notice of optional redemption given for the Bonds pursuant to this Section 15 may state that the optional redemption is conditional upon receipt by the Paying Agent of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event

occurs. Notice of such rescission or of the failure of any such condition shall be given by the Paying Agent to affected owners of the Bonds as promptly as practicable.

Section 16. Authentication, Registration and Transfer.

16.1. The provisions of this Section 16 apply only if the Bonds cease to be a BEO issue, and unless otherwise specified in a Supplemental Declaration or Section 17 herein.

16.2. No Bond shall be entitled to any right or benefit under this Master Declaration unless it shall have been authenticated by an authorized officer of the Paying Agent. The Paying Agent shall authenticate all Bonds to be delivered at Closing, and shall additionally authenticate all Bonds properly surrendered for exchange or transfer pursuant to this Master Declaration.

16.3. All Bonds shall be in registered form. U.S. Bank Trust Company, National Association is hereby appointed to serve as Paying Agent for the Bonds. A successor Paying Agent may be appointed for the Bonds by ordinance or resolution of the District. The Paying Agent shall provide notice to Owners of any change in the Paying Agent not later than the Bond payment date following the change in Paying Agent.

16.4. The ownership of all Bonds shall be entered in the Bond register maintained by the Paying Agent and the District and Paying Agent may treat the person listed as owner in the Bond register as the owner of the Bond for all purposes.

16.5. The Paying Agent shall mail each interest payment on the Interest Payment Date (or the next Business Day if the Interest Payment Date is not a Business Day) to the name and address of the Owner, as that name and address appear on the Bond register as of the Record Date. If payment is so mailed, neither the District nor the Paying Agent shall have any further liability to any party for such payment.

16.6. Bonds may be exchanged for an equal principal amount of Bonds of the same Series and maturity which are in different authorized denominations, and Bonds may be transferred to other owners if the Owner submits the following to the Paying Agent:

A. Written instructions for exchange or transfer satisfactory to the Paying Agent, signed by the Owner or his attorney in fact and guaranteed or witnessed in a manner satisfactory to the Paying Agent; and

B. The Bonds to be exchanged or transferred.

16.7. The Paying Agent shall not be required to exchange or transfer any Bonds submitted to it during any period beginning with a Record Date and ending on the next following payment date; however, such Bonds shall be exchanged or transferred promptly following the payment date.

16.8. The Paying Agent shall not be required to exchange or transfer any Bonds which have been designated for redemption if such Bonds are submitted to it during the fifteen-day period preceding the designated redemption date.

16.9. For purposes of this Section, Bonds shall be considered submitted to the Paying Agent on the date the Paying Agent actually receives the materials described in Section 16.6.

16.10. The District may alter these provisions regarding registration and transfer by mailing notification of the altered provisions to all Owners. The altered provisions shall take effect on the date stated in the notice, which shall not be earlier than 45 days after notice is mailed.

Section 17. The Series 2023 Bonds.

17.1. Pursuant to the authority of the Resolution and this Master Declaration, the District has issued its Series 2023 Bonds, in the aggregate principal amount of \$[Principal Amount]. The Series 2023 Bonds shall be Bonds as defined in this Master Declaration. The Series 2023 Bonds shall bear interest payable on [February 1 and August 1] of each year at the following rates, commencing [February 1, 2024], and shall mature and be subject to redemption as outlined in the Official Statement for the Series 2023 Bonds.

17.2. The Series 2023 Bonds shall be special obligations of the District, and shall be payable solely from the Net Revenues and amounts required to be deposited in the Debt Service Account and Bond Reserve Account as required and as provided by this Master Declaration. The Series 2023 Bonds are not general obligations of the District and are payable solely from the amounts described in the previous sentence.

17.3. The Series 2023 Bonds shall be in substantially the form attached as Exhibit A.

17.4. The Series 2023 Bond proceeds shall be used to [refund all or a portion of the Refunded Bonds] and to pay costs related to the Series 2023 Bonds and achieving the refunding.

EXECUTED ON BEHALF OF THE OREGON WATER WONDERLAND UNIT II
SANITARY DISTRICT, DESCHUTES COUNTY, OREGON, BY AN AUTHORIZED
OFFICER AS OF [ISSUE DATE], 2023.

**Oregon Sewer Wonderland Unit II Sanitary District,
Deschutes County, Oregon**

By: _____
Authorized Officer

Exhibit A
Form of Series 2023 Bond

No. R-«BondNumber»

\$«PrincipalAmtNumber»

United States of America
State of Oregon
County of Deschutes
Oregon Water Wonderland Unit II Sanitary District
Sewer Revenue Refunding Bond
Series 2023

Dated Date: [Issue Date], 2023
Interest Rate Per Annum: «CouponRate»%
Maturity Date: _____, «MaturityYear»
CUSIP Number: _____«CUSIPNumbr»
Registered Owner: -----Cede & Co.-----
Principal Amount: -----«PrincipalAmtSpelled» Dollars-----

THE OREGON WATER WONDERLAND UNIT II SANITARY DISTRICT, in Deschutes County, State of Oregon (the “District”), for value received, acknowledges itself indebted and hereby promises to pay to the Registered Owner hereof, or registered assigns, but solely from the sources indicated below, the Principal Amount on the Maturity Date together with interest thereon from the date hereof at the Interest Rate Per Annum indicated above. Interest is payable semiannually on February 1 and August 1 in each year until maturity or prior redemption, commencing [February 1, 2024]. Payment of each installment of interest shall be made on the payment date to the Registered Owner hereof whose name appears on the registration books of the District maintained by the District’s paying agent and registrar, which is currently U.S. Bank Trust Company, National Association (the “Paying Agent”), as the Registered Owners appear on the registration books as of the 15th day of the month immediately preceding the applicable interest payment date. For so long as this Series 2023 Bond is subject to a book-entry-only system, principal and interest payments shall be paid on each payment date to the nominee of the securities depository for this Series 2023 Bond. On the date of issuance of this Series 2023 Bond, the securities depository for this Series 2023 Bond is The Depository Trust Company, New York, New York (“DTC”), and Cede & Co. is the nominee of DTC. Such payments shall be made payable to the order of “Cede & Co.”

This Series 2023 Bond is one of a series of \$[Principal Amount] aggregate principal amount of Sewer Revenue Refunding Bonds, Series 2023 of the District (the “Series 2023 Bonds”), and is issued by the District for the purpose of refunding all or a portion of the outstanding sewer revenue bonds and paying costs of issuing the Series 2023 Bonds and achieving the refunding in full and strict accordance and compliance with all of the provisions of the Constitution and Statutes of the State of Oregon.

This Series 2023 Bond is not a general obligation or liability of the District, and is payable solely from the Net Revenues of the Sewer System and other funds as provided in the Master Sewer System Revenue Bond Declaration dated [Issue Date], 2023 (the “Master Declaration”). The District covenants and agrees with the owner of this Series 2023 Bond that it will keep and perform all of the covenants in this Series 2023 Bond and in the Master Declaration that secure this Series 2023 Bond. The District has pledged the Net Revenues of the Sewer System to the payment of principal and interest on this Series 2023 Bond. The District has reserved the right to issue Parity Bonds with an equal lien on the Net Revenues.

The Series 2023 Bonds are initially issued as a book-entry-only security issue with no certificates provided to the owners of the Series 2023 Bonds. Records of Series 2023 Bond ownership will be maintained by the Paying Agent and DTC and its participants. Should the book-entry-only security system be discontinued, the District shall cause the Paying Agent to authenticate and deliver replacement Series 2023 Bonds in fully registered form in authorized denominations in the names of the beneficial owners or their nominees, as provided in the Master Declaration.

The Series 2023 Bonds are subject to redemption as described in the Official Statement for the Series 2023 Bonds.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Letter of Representations to DTC, as referenced in the Master Declaration. Interest on any Series 2023 Bond so called for redemption shall cease on the redemption date designated in the notice unless the notice is conditional, as permitted by the Master Declaration. The Paying Agent will notify DTC of any Series 2023 Bond called for redemption not less than 20 days prior to the date fixed for redemption unless DTC consents to a shorter period. If the book-entry-only system is discontinued, notice of redemption shall be given by first-class mail, postage prepaid at least 20 days and not more than 60 days prior to the date fixed for redemption to the registered owner of each Series 2023 Bond to be redeemed at the address shown on the Series 2023 Bond register or at such other address as is furnished in writing by such owner to the Paying Agent.

Any exchange or transfer of this Series 2023 Bond must be registered, as provided in the Declaration, upon the Series 2023 Bond register kept for that purpose by the Paying Agent. The exchange or transfer this Series 2023 Bond may be registered only by surrendering it, together with a written instrument of exchange or transfer which is satisfactory to the Paying Agent and which is executed by the registered owner or their duly authorized attorney. Upon registration, a new registered Series 2023 Bond or Series 2023 Bonds, of the same series and maturity and in the same aggregate principal amount, shall be issued to the transferee as provided in the Declaration. The Paying Agent and the District may treat the person in whose name this Series 2023 Bond is registered as its absolute owner for all purposes, as provided in the Declaration.

Unless this Series 2023 Bond is presented by an authorized representative of The Depository Trust Company to the issuer or its agent for registration of transfer, exchange or payment, and any Series 2023 Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

This Series 2023 Bond shall remain in the Paying Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Paying Agent and DTC.

IT IS HEREBY CERTIFIED, RECITED, AND DECLARED that all conditions, acts, and things required to exist, to happen, and to be performed precedent to and in the issuance of this Series 2023 Bond have existed, have happened, and have been performed in due time, form, and manner as required by the Constitution and Statutes of the State of Oregon; that the issue of which this Series 2023 Bond is a part, and all other obligations of the District, are within every debt limitation and other limits prescribed by such Constitution and Statutes.

IN WITNESS WHEREOF, the District Board of the Oregon Water Wonderland Unit II Sanitary District, has caused this Series 2023 Bond to be signed by facsimile signature of an Authorized Officer as of the date indicated above.

**Oregon Water Wonderland Unit II Sanitary District,
Deschutes County, Oregon**

_____/s/
Authorized Officer

THIS SERIES 2023 BOND SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE PAYING AGENT IN THE SPACE INDICATED BELOW.

CERTIFICATE OF AUTHENTICATION

This Series 2023 Bond is one of a series of \$[Principal Amount] aggregate principal amount of Sewer Revenue Refunding Bonds, Series 2023, of the District, issued pursuant to the Master Declaration described herein.

Date of authentication: [Issue Date], 2023.

U.S. Bank Trust Company, National Association, as Paying Agent

Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto: _____

(Please insert social security or other identifying number of assignee)

this Series 2023 Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Series 2023 Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Series 2023 Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Series 2023 Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common

TEN ENT -- as tenants by the entirety

JT TEN -- as joint tenants with right of survivorship and not as tenants in common

OREGON CUSTODIANS use the following:

_____ CUST UL OREG _____ MIN

as custodian for (name of minor)

OR UNIF TRANS MIN ACT

under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.