

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

Principal Amount: \$6,200,000.00

Date of Note: June 17, 2026

PROMISE TO PAY. RECLAMATION DISTRICT NO. 2035 ("Borrower") promises to pay to Farmers & Merchants Bank of Central California ("Lender"), or order, in lawful money of the United States of America, the principal amount of Six Million Two Hundred Thousand & 00/100 Dollars (\$6,200,000.00), together with interest on the unpaid principal balance from June 17, 2026, until paid in full.

PAYMENT. Subject to any payment changes resulting from changes in the Index, Borrower will pay this loan in 30 payments of \$306,628.83 each payment. Borrower's first payment is due January 15, 2027, and all subsequent payments are due on the same day of each half-year after that. Borrower's final payment will be due on July 15, 2041, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied to the loan as described in the "HOW YOUR PAYMENTS ARE APPLIED" section. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

CONTRACT RATES. This Note is subject to the terms and conditions of the Interest Rate Rider dated of even date herewith and incorporated herein by this reference.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the weekly average yield on United States Treasury securities adjusted to a constant maturity of five (5) years as published in the Federal Reserve Statistical Release H.15 (519) (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each Rate Change Date, as defined in the paragraph headed "RATE CHANGES". Borrower understands that Lender may make loans based on other rates as well. **The Index currently is 4.240% per annum.** Interest on the unpaid principal balance of this Note will be calculated as described in the "INTEREST CALCULATION METHOD" paragraph using a rate of 1.140 percentage points over the Index (the "Margin"), adjusted if necessary for any minimum and maximum rate limitations described below, resulting in an initial rate of 5.380%. If Lender determines, in its sole discretion, that the Index has become unavailable or unreliable, either temporarily, indefinitely, or permanently, during the term of this Note, Lender may amend this Note by designating a substantially similar substitute index. Lender may also amend and adjust the Margin to accompany the substitute index. The change to the Margin may be a positive or negative value, or zero. In making these amendments, Lender may take into consideration any then-prevailing market convention for selecting a substitute index and margin for the specific Index that is unavailable or unreliable. Such an amendment to the terms of this Note will become effective and bind Borrower 10 business days after Lender gives written notice to Borrower without any action or consent of the Borrower. **NOTICE:** Under no circumstances will the interest rate on this Note be less than 5.060% per annum or more than (except for any higher default rate shown below) the lesser of 12.000% per annum or the maximum rate allowed by applicable law. Whenever changes occur in the interest rate, Lender, at its option, may do one or more of the following: (A) change Borrower's payments by setting a new payment amount calculated by amortizing the outstanding principal balance at the new interest rate over the remaining term of the loan, (B) increase Borrower's payments to cover accruing interest if the interest rate adjustment is an increase, (C) change the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and change Borrower's final payment amount.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method. This calculation method results in a higher effective interest rate than the numeric interest rate stated in this Note.

RATE CHANGES. The interest rate described in the paragraph headed "VARIABLE INTEREST RATE" shall be subject to change on the fifteenth (15th) day of July of every fifth (5th) year beginning July 15, 2031 until the unpaid principal balance is fully paid. Each date on which the interest rate could change is called a "Rate Change Date".

AMORTIZATION PERIOD VARIABLE RATE. The amount of any installment payment shall be calculated by Lender based on (i) the interest rate determined under the provisions of the paragraph headed "VARIABLE INTEREST RATE" above; (ii) the amount of the unpaid principal balance as of the date the payment is recalculated; and (iii) the assumption that the total amortization period for this note is fifteen (15) years.

PREPAYMENT FEE; MINIMUM INTEREST CHARGE. Borrower agrees that all loan fees and other prepaid finance charges are earned fully as of the date of the loan and will not be subject to refund upon early payment (whether voluntary or as a result of default), except as otherwise required by law. In any event, even upon full prepayment of this Note, Borrower understands that Lender is entitled to a **minimum interest charge of \$100.00.** Upon prepayment of this Note, Lender is entitled to the following prepayment fee: **Five percent (5%) of the outstanding principal balance if said payment is received during the first loan year, decreasing by one percent (1%) each year until the fifth (5th) loan year (the "Prepayment Fee").** For variable rate loans, the Prepayment Fee shall be reset based upon the same formula at each Rate Change Date. The Prepayment Fee shall also be due upon any event where the Note is fully or partially satisfied in any manner, other than by making scheduled payments required hereunder or otherwise as provided in the loan documents, whether voluntary or involuntary, prior to its maturity date (excluding the receipt of insurance or condemnation proceeds), including, but not limited to, any payment after default, any payment after the maturity date is accelerated or payment by any sale under court order, trustee's sale or deed in lieu thereof, or payment by sale or other method under any bankruptcy or insolvency proceeding. For purposes of determining which loan year the prepayment is received, Lender will use the anniversary date hereof as the first day of a loan year. For the purposes of determining the current commitment, Lender will combine the outstanding principal and any unused amounts which remain available to Borrower. Other than Borrower's obligation to pay any minimum interest charge and prepayment fee, Borrower may pay all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. **All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be**

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mailed or delivered to: Farmers & Merchants Bank of Central California, Loan Center, 116 West Pine Street, P. O. Box 3000, Lodi, CA 95241-1902.

LATE CHARGE. If a payment is 15 days or more late, Borrower will be charged **5.000%** of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon maturity of this Note, whether the scheduled maturity date or due to this loan being accelerated by Lender because of a default under this Note, the interest rate on this Note shall immediately increase by adding an additional 4.000 percentage point margin ("Default Rate Margin"). The Default Rate Margin shall also apply to each succeeding interest rate change that would have applied had there been no default. However, in no event will the interest rate applied under this paragraph exceed the maximum interest rate permitted under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of California.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of San Joaquin County, State of California.

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instruments listed herein:

(A) a Commercial Security Agreement dated June 17, 2026 made and executed between RECLAMATION DISTRICT NO. 2035 and Lender on collateral described as: inventory, chattel paper, accounts, equipment and general intangibles.

(B) an Assignment of Deposit Account dated June 17, 2026 made and executed between RECLAMATION DISTRICT NO. 2035 and Lender on collateral described as a deposit account.

LOAN AGREEMENT. This Note is subject to a Business Loan Agreement dated of even date herewith.

FINANCIAL REPORTING REQUIREMENTS OF BORROWER. In addition to any other reporting requirements stated herein, Borrower agrees to provide tax returns and financial statements upon Lender's request.

LEAP YEAR. In the event of a leap year, the annual interest rate for this Note will be computed on a 366/360 day basis.

PARTNERSHIP BORROWER. If Borrower is a partnership, each of the general partners of Borrower will be jointly and severally liable with Borrower for Borrower's obligations under this Agreement and the Related documents, and Lender may enforce any monetary judgment obtained in an action related to any thereof directly against the assets of any one or more of Borrower's general partners without proceeding against the assets of Borrower or any of Borrower's other general partners.

PREFERRED RATE REDUCTION. The interest rate on this Note includes a preferred rate reduction. The interest rate is based on all loan payments being automatically debited from a checking account you have with Lender as those payments are due. If (1) your checking account is closed before the loan is paid in full, or (2) there is an insufficient balance in the checking account to cover the automatic debit on the due date of any payment, or (3) you revoke Lender's authority to debit the checking account, the interest rate will be subject to a one time increase

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(Continued)**

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of an additional one quarter of one percent (0.25%) for the remainder of the loan. On variable interest rate loans, the increase will be applied to the spread used in calculating the interest rate. Any minimum interest rate on your loan will also increase by this percentage. Lender, at its option, immediately or subsequently may do one or more of the following: (A) increase Borrower's payments to ensure Borrower's loan will payoff by its original final maturity date, (B) increase Borrower's payments to cover accruing interest, (C) increase the number of Borrower's payments, and (D) continue Borrower's payments at the same amount and increase Borrower's final payment.

ADDITIONAL DEFAULT. The following shall constitute a Default under this Note:

Should Borrower, any guarantor, or any grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement in favor of Lender or any other creditor or person that may materially affect any of Borrower's property or Borrower's, any guarantor's, or any grantor's ability to repay the loans or perform their respective obligations under this Note or any of the related documents.

COLLECTION COSTS. Upon default, Lender will have the following rights in addition to any other rights provided in this Note or by law. Lender may require Borrower to pay, on demand, any of its internal costs or the costs of third parties which Lender reasonably determines were incurred because of the default. This includes internal costs such as the allocable cost of in-house counsel, staff appraisers, collection personnel, accounting personnel or other salaried employees, and the overtime or regular-time compensation of Lender's hourly employees, that is reasonably incurred as a result of my default. It further includes any fees or costs paid to third parties as a result of or on account of the default, including fees to appraisers, collection agencies, foreclosure services, title services and other reasonably incurred amounts. Amounts due under this paragraph shall be due on demand, or Lender may, at its option, add them to the balance of the Note, in which case they shall bear interest at the Note rate.

HOW YOUR PAYMENTS ARE APPLIED. Unless otherwise agreed or required by applicable law, payments will be applied first to any interest due; then to principal; then to all other charges (including but not limited to late charges, attorney fees, appraisal fees, collection costs, and any other costs or expenses) associated with enforcing this Note.

PAYMENT UPON DEFAULT. If in default at any time during the loan, the entire balance of the loan, principal and interest, or any portion thereof, may become due and payable upon demand by Lender, including any costs or expenses associated with enforcing this Note. The Lender reserves the right to apply payments in any order to the extent not prohibited by applicable law.

ARBITRATION. Each party to this agreement, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. All parties agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision. Any such arbitration shall be conducted at a location determined by the arbitrator in San Joaquin County, California, and administered by the American Arbitration Association ("AAA") in accordance with the California Arbitration Act (Title 9, California Code of Civil Procedure Section 1280 et. seq.) and the then existing Commercial Rules of the AAA.

WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each party to this agreement, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, hereby irrevocably waives, to the fullest extent permitted by applicable law, any right such party may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this agreement or any other loan document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory), whether by claim or counterclaim, and whether against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns. Each party hereto acknowledges that it and the other parties hereto have been induced to enter into this agreement and the other loan documents by, among other things, the mutual waivers and certifications in this section.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive any applicable statute of limitations, presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

**PROMISSORY NOTE
(Continued)**

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

RECLAMATION DISTRICT NO. 2035

By: _____
KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: _____
JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

INTEREST RATE RIDER

BORROWER: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

LENDER: FARMERS & MERCHANTS BANK
OF CENTRAL CALIFORNIA
LOAN CENTER
P. O. BOX 3000
LODI, CA 95241

THIS INTEREST RATE RIDER (this "RIDER") is made as of June 17, 2026 and shall be deemed to amend and supplement that certain Promissory Note of even date herewith (the "Note") by and between RECLAMATION DISTRICT NO. 2035, a California Reclamation District ("Borrower") and FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA, a California banking corporation ("Lender"). Capitalized terms used herein without definition shall have the meanings assigned to them in the Note or in Exhibit A, attached hereto, and made a part hereof by this reference.

Agreement

In consideration of the mutual benefits accruing to the parties hereunder and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, Borrower and Lender hereby agree as follows:

- A. Subject to all the terms, conditions and provisions of this Rider, the attached exhibits, and related documents, the Note is amended as follows:
- (1) Contract Rates. On the Rate Change Date of July 15, 2031, provided that no Event of Default has occurred or is continuing, and no event or condition, which with the lapse of time, or the giving of notice, or both, would constitute an Event of Default, the Borrower may elect to have all of the principal balance of the Loan bear interest in accordance with the rates as described in the Note or in **Exhibit A** attached hereto.
 - (2) Effect of Non-election. If Borrower does not specify a Contract Rate for the Loan, or if a Contract Rate cannot be selected or maintained (for example, because the minimum portion size requirement has not been met), the Loan shall bear interest at the 5-year T-Bill Alternative until the Maturity Date.
 - (3) Prepayment Premium. Each Rate Portion shall be subject to the Prepayment Premium as specified in **Exhibit B** attached hereto.
 - (4) Amortizing Payments. For the Rate Period, Lender shall establish a payment schedule pursuant to the following terms and conditions:
 - (a) Payments shall be due on the same schedule as stated in the Note;
 - (b) Payments shall include principal and interest;
 - (c) Payments shall be calculated assuming a total amortization period of fifteen (15) years less any elapsed time since the date of the Note, as applicable.
 - (d) Interest shall be calculated at the rate associated with the Rate Period.

INTEREST RATE RIDER
(Continued)

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IN WITNESS WHEREOF, the parties have executed this Rider as of the date first hereinabove written and by signing below, the parties accept and agree to the terms and conditions contained in this Rider.

BORROWER:

**RECLAMATION DISTRICT NO. 2035,
a California Reclamation District**

LENDER:

**FARMERS & MERCHANTS BANK
OF CENTRAL CALIFORNIA,
a California banking corporation**

BY: _____

**KYRIAKOS TSAKOPOULOS,
Board President**

BY: _____

**RYAN STREETER,
First Vice President**

BY: _____

**JESSE CLARK,
District General Manager**

Borrower: RECLAMATION DISTRICT NO. 2035
Loan No.: 31-033407-30

EXHIBIT A FIXED INTEREST RATES

- I. Available Interest Rates. On and subject to the terms and conditions of this **Exhibit A**, Borrower may choose to have all the principal balance of the Loan bear interest at any one of the following rates (collectively, the "**Rate Alternatives**");

- 1.1 Lender's Base Rate minus one percent (-1.00%) per year (the "**Base Alternative**");
- 1.2 Five-year T-Bill Rate plus one and fourteen hundredth percent (1.14%) (the "**5-year T-Bill Alternative**").

The terms used above are defined in Article II of this **Exhibit A**. Lender's Base Rate is a variable rate. Each rate other than the Base Alternative (a "**Contract Rate**") may be fixed by agreement between Borrower and Bank as to the outstanding principal balance of the Loan (the "**Rate Portion**") during a given period of time (the "**Rate Period**"). Notwithstanding any minimum interest rate established in the Note, Lender will establish a minimum interest rate equal to five and six hundredths percent (5.06%) (the "**Minimum Interest Rate**") provided, however; that the interest rate shall not exceed twelve percent (12%) (the "**Maximum Interest Rate**"), provided; however that the Maximum Interest Rate shall; not apply at any time Lender has invoked the Default Rate Margin described in the Note.

II. Interest Rate Definitions.

- 2.1 Base Alternative. "**Lender's Base Rate**" means the "Prime Rate" as defined when first published in the Wall Street Journal, Western Edition as such "Prime Rate" changes from time to time. If for any reason the Wall Street Journal, Western Edition is no longer published or ceases or suspends publishing a "prime rate", the Lender's Base Rate shall then become the "Bank prime loan" rate as defined and published in the Federal Reserve Statistical Release H.15(519) as such "Bank prime loan" rate changes from time to time. Changes in the aggregate interest rate shall become effective on the effective date of the change in Lender's Base Rate. The Lender uses the Lender's Base Rate as a benchmark for pricing certain types of loans. Depending on the circumstances, such as the amount and term of the loan, the creditworthiness of the Borrower or any guarantor, the existence and nature of collateral and deposit and other relationships between the borrower and the Lender, loans may be priced at, above or below the Lender's Base Rate.
- 2.2 5-year T-Bill Alternative. With respect to a given Rate Period and Rate Portion where interest is calculated based on the 5-year T-Bill Alternative, "**5-year T-Bill Rate**" means the fixed annual rate equal the weekly average yield on United States Treasury securities adjusted to a constant maturity of five years as published in the Federal Reserve Statistical Release H.15 (519) on the date the Rate Period is to commence.

III. Election of Contract Rates

- 3.1 Requests for Contract Rate Quotes. From time to time, Borrower may request Bank to quote a given Contract Rate. Such a request by Borrower may be made either orally or in writing to a Bank officer in the Capital Office of Bank in Sacramento, California, or as otherwise specified in a notice from Bank to Borrower. Such request for a quote must be received by Bank by 11:00 a. m., California time for the Contract Rate to be effective on the same day as request is made.

- 3.2 Contract Rate Election Procedures. In response to Borrower's request, Bank shall provide a binding rate quote for any specified Contract Rate. Based on such information, Borrower may elect a Contract Rate within the time specified above, together with the associated Rate Period and Rate Portion; provided, however, that Borrower may not select a Rate Period that extends beyond the Maturity Date. **Such an election by Borrower shall be irrevocable, and made in writing. Bank must receive Borrower's election no later than 3:00 p. m. for the Contract Rate to be effective on the same day as the request is made,**
- 3.3 Confirmation of Contract Rate Elections. Bank shall not be under any obligation to confirm any election by Borrower of a Contract Rate.
- 3.4 Effect of Default. Notwithstanding any provision of the Loan Documents, the entire Loan shall bear interest at the Default Rate if it applies under the terms of the Note. At any time when the Default Rate is inapplicable, but an Event of Default has occurred and is continuing, any existing Contract Rate, Rate Portion, and Rate Period shall remain unchanged if they were validly placed in effect. **Borrower may not select any Contract Rate at any time after an Event of Default has occurred and is continuing.**
- 3.5 Minimum Rate Portion Size. Each Contract Rate shall be subject to a Rate Portion equal to the outstanding principal balance of the Loan.
- 3.6 Durations of Rate Periods. Each Rate Alternative shall be subject to a Rate Period of the Maturity Date of the Loan.
- The last day of a Rate Period for a Contract Rate shall be determined by Bank in accordance with its standard practices and procedures to allow the Rate Period to end on a Banking Day.
- 3.7 Authorized Persons. Borrower hereby designates KYRIAKOS TSAKOPOULOS and JESSE CLARK, each as being authorized to make interest rate elections on Borrower's behalf in writing. Bank shall be entitled to rely on written directions from such persons until this authorization is revoked by Borrower in writing. Sample signatures are provided below:

KYRIAKOS TSAKOPOULOS

JESSE CLARK

IV. Definitions. All capitalized terms used in this Exhibit A without definition shall have the meanings given them in the Note. In addition the terms below are defined as follows:

"Banking Day" means a day other than a Saturday, Sunday, or holiday, on which Lender is open for business in Lodi, California.

"Default Rate" shall mean the appropriate Rate Alternative plus the Default Rate Margin set forth in the Note.

"Loan" shall mean the loan evidenced by the Note.

"Loan Documents" shall mean any document between Borrower and Lender associated with the Note.

"Loan Year" means the period from 16th of one year through 15th of the ensuing year, provided; however, the first Loan Year shall commence on the July 16, 2031 and end on July 15, 2032.

“Maturity Date” shall mean July 15, 2041.

“Prepayment” shall mean a payment on the principal balance of the Loan or a Rate Portion on a date earlier than the scheduled payments or end of the Rate Period.

“Rate Change Date” means the date on which the interest rate on the Loan may change based on a corresponding change in the index, for the 5-year T-Bill Alternative the rate shall be subject to change every five years as described in the Note.

Borrower: RECLAMATION DISTRICT NO. 2035
Loan No.: 31-033407-30

EXHIBIT B PREPAYMENT TERMS

All capitalized terms used in this **Exhibit B** without definition shall have the meanings given them in the attached Note and **Exhibit A**. The terms of this **Exhibit B** shall apply only so long as Borrower has the option to elect Contract Rates pursuant to the terms of the Note and **Exhibit A**.

1. **Prepayment Premium.** Each Prepayment of all or part of a Rate Portion bearing interest at a Contract Rate, whether voluntary, by reason of acceleration or otherwise, shall be accompanied by all interest accrued on the prepaid principal amount, plus a premium ("**Prepayment Premium**") calculated as provided below for each Rate Alternative. Upon Borrower's request Bank shall provide Borrower with a written statement of any Prepayment Premium.
2. **Base Alternative Premium.** Borrower may prepay any portion of the Loan accruing at the Base Alternative without premium.
3. **5-year T-Bill Alternative Premium.** The Prepayment Premium for the 5-year T-Bill Alternative shall be equal to:
 - (i) five percent (5.00%) of the principal balance if said payment is received during the first or sixth Loan Year;
 - (ii) four percent (4.00%) of the principal balance if said payment is received during the second or seventh Loan Year;
 - (iii) three percent (3.00%) of the principal balance if said payment is received during the third or eighth Loan Year;
 - (iv) two percent (2.00%) of the principal balance if said payment is received during the fourth or ninth Loan Year; or
 - (v) one percent (1.00%) of the principal balance if said payment is received during the fifth or tenth Loan Year.
4. **Notice of Prepayment.** Borrower shall give Bank irrevocable written notice of Borrower's intention to make any prepayment, specifying the date and amount of the prepayment. The notice must be received by Bank at least five (5) Banking Days in advance of the prepayment.
5. **Borrower's Waiver.** By its signature below, Borrower expressly waives any right to prepay any Rate Portion except on the express terms of this **Exhibit B**. If the maturity of this Note is accelerated by reason of any Event of Default Borrower agrees that any tender to cure such default which does not include the Prepayment Premium shall constitute an evasion of the prepayment restrictions set forth in this **Exhibit B** and shall be deemed a voluntary prepayment. Bank may require payment of the Prepayment Premium as a condition of accepting any such tender.

6. Borrower's Acknowledgment. Borrower acknowledges that prepayment of the Loan may result in Bank's incurring additional costs, expenses and liabilities. Borrower therefore agrees to pay the Prepayment Premium described above, and further agrees that the Prepayment Premium represents a reasonable estimate of the prepayment costs, expenses and liabilities of Bank. By its signature below, Borrower acknowledges that it is a knowledgeable business entity or person and fully understands the effect of the waiver contained in this **Exhibit B**. Borrower agrees that Bank's willingness to offer Contract Rates to Borrower is sufficient and independent consideration for this waiver, and Borrower understands that Bank would not offer Contract Rates to Borrower absent this waiver.

BORROWER:

**RECLAMATION DISTRICT NO. 2035,
a California Reclamation District**

LENDER:

**FARMERS & MERCHANTS BANK
OF CENTRAL CALIFORNIA,
a California banking corporation**

BY:

**KYRIAKOS TSAKOPOULOS,
Board President**

BY:

**RYAN STREETER,
First Vice President**

BY:

**JESSE CLARK,
District General Manager**

COMMERCIAL SECURITY AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Grantor: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

THIS COMMERCIAL SECURITY AGREEMENT dated June 17, 2026, is made and executed between RECLAMATION DISTRICT NO. 2035 ("Grantor") and Farmers & Merchants Bank of Central California ("Lender").

GRANT OF SECURITY INTEREST. For valuable consideration, Grantor grants to Lender a security interest in the Collateral to secure the Indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" as used in this Agreement means the following described property, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located, in which Grantor is giving to Lender a security interest for the payment of the Indebtedness and performance of all other obligations under the Note and this Agreement:

All Inventory, Chattel Paper, Accounts, Deposit Accounts, Equipment and General Intangibles

In addition, the word "Collateral" also includes all the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (A) All accessions, attachments, accessories, tools, parts, supplies, replacements of and additions to any of the collateral described herein, whether added now or later.
- (B) All products and produce of any of the property described in this Collateral section.
- (C) All accounts, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, consignment or other disposition of any of the property described in this Collateral section.
- (D) All proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section, and sums due from a third party who has damaged or destroyed the Collateral or from that party's insurer, whether due to judgment, settlement or other process.
- (E) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of Grantor's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Perfection of Security Interest. Grantor agrees to take whatever actions are requested by Lender to perfect and continue Lender's security interest in the Collateral. Upon request of Lender, Grantor will deliver to Lender any and all of the documents evidencing or constituting the Collateral, and Grantor will note Lender's interest upon any and all chattel paper and instruments if not delivered to Lender for possession by Lender.

Notices to Lender. Grantor will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (1) change in Grantor's name; (2) change in Grantor's assumed business name(s); (3) change in the structure of the entity Grantor; (4) change in the authorized signer(s); (5) change in Grantor's principal office address; (6) change in Grantor's principal residence; (7) conversion of Grantor to a new or different type of business entity; or (8) change in any other aspect of Grantor that directly or indirectly relates to any agreements between Grantor and Lender. No change in Grantor's name will take effect until after Lender has received notice.

No Violation. The execution and delivery of this Agreement will not violate any law or agreement governing Grantor or to which Grantor is a party.

Enforceability of Collateral. To the extent the Collateral consists of accounts, chattel paper, or general intangibles, as defined by the Uniform Commercial Code, the Collateral is enforceable in accordance with its terms, is genuine, and fully complies with all applicable laws and regulations concerning form, content and manner of preparation and execution, and all persons appearing to be obligated on the Collateral have authority and capacity to contract and are in fact obligated as they appear to be on the Collateral. At the time any account becomes subject to a security interest in favor of Lender, the account shall be a good and valid account representing an undisputed, bona fide indebtedness incurred by the account debtor, for merchandise held subject to delivery instructions or previously shipped or delivered pursuant to a contract of sale, or for services previously performed by Grantor with or for the account debtor. So long as this Agreement remains in effect, Grantor shall not, without Lender's prior written consent, compromise, settle, adjust, or extend payment under or with regard to any such Accounts. There shall be no setoffs or counterclaims against any of the Collateral, and no agreement shall have been made under which any deductions or discounts may be claimed concerning the Collateral except those disclosed to Lender in writing.

Location of the Collateral. Except in the ordinary course of Grantor's business, Grantor agrees to keep the Collateral (or to the extent the Collateral consists of intangible property such as accounts or general intangibles, the records concerning the Collateral) at Grantor's address shown above, or at the location specified in the Collateral definition in this Agreement, or at such other locations as are acceptable to Lender. Upon Lender's request, Grantor will deliver to Lender in form satisfactory to Lender a schedule of real properties and Collateral locations relating to Grantor's operations, including without limitation the following: (1) all real property Grantor owns or is purchasing; (2) all real property Grantor is renting or leasing; (3) all storage facilities Grantor owns, rents, leases, or uses; and (4) all other properties where Collateral is or may be located.

Removal of the Collateral. Except in the ordinary course of Grantor's business, including the sales of inventory, Grantor shall not remove the Collateral from its existing location without Lender's prior written consent. To the extent that the Collateral consists of vehicles, or

COMMERCIAL SECURITY AGREEMENT (Continued)

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other titled property, Grantor shall not take or permit any action which would require application for certificates of title for the vehicles outside the State of California, without Lender's prior written consent. Grantor shall, whenever requested, advise Lender of the exact location of the Collateral.

Transactions Involving Collateral. Except for inventory sold or accounts collected in the ordinary course of Grantor's business, or as otherwise provided for in this Agreement, Grantor shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. While Grantor is not in default under this Agreement, Grantor may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Grantor's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Grantor shall not pledge, mortgage, encumber or otherwise permit the Collateral to be subject to any lien, security interest, encumbrance, or charge, other than the security interest provided for in this Agreement, without the prior written consent of Lender. This includes security interests even if junior in right to the security interests granted under this Agreement. Unless waived by Lender, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for Lender and shall not be commingled with any other funds; provided however, this requirement shall not constitute consent by Lender to any sale or other disposition. Upon receipt, Grantor shall immediately deliver any such proceeds to Lender.

Title. Grantor represents and warrants to Lender that Grantor holds good and marketable title to the Collateral, free and clear of all liens and encumbrances except for the lien of this Agreement. No financing statement covering any of the Collateral is on file in any public office other than those which reflect the security interest created by this Agreement or to which Lender has specifically consented. Grantor shall defend Lender's rights in the Collateral against the claims and demands of all other persons.

Repairs and Maintenance. Grantor agrees to keep and maintain, and to cause others to keep and maintain, the Collateral in good order, repair and condition at all times while this Agreement remains in effect. Grantor further agrees to pay when due all claims for work done on, or services rendered or material furnished in connection with the Collateral so that no lien or encumbrance may ever attach to or be filed against the Collateral.

Inspection of Collateral. Lender and Lender's designated representatives and agents shall have the right at all reasonable times to examine and inspect the Collateral wherever located.

Taxes, Assessments and Liens. Grantor will pay when due all taxes, assessments and liens upon the Collateral, its use or operation, upon this Agreement, upon any promissory note or notes evidencing the indebtedness, or upon any of the other Related Documents. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized in Lender's sole opinion. If the Collateral is subjected to a lien which is not discharged within fifteen (15) days, Grantor shall deposit with Lender cash, a sufficient corporate surety bond or other security satisfactory to Lender in an amount adequate to provide for the discharge of the lien plus any interest, costs, attorneys' fees or other charges that could accrue as a result of foreclosure or sale of the Collateral. In any contest Grantor shall defend itself and Lender and shall satisfy any final adverse judgment before enforcement against the Collateral. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings. Grantor further agrees to furnish Lender with evidence that such taxes, assessments, and governmental and other charges have been paid in full and in a timely manner. Grantor may withhold any such payment or may elect to contest any lien if Grantor is in good faith conducting an appropriate proceeding to contest the obligation to pay and so long as Lender's interest in the Collateral is not jeopardized.

Compliance with Governmental Requirements. Grantor shall comply promptly with all laws, ordinances, rules and regulations of all governmental authorities, now or hereafter in effect, applicable to the ownership, production, disposition, or use of the Collateral, including all laws or regulations relating to the undue erosion of highly-erodible land or relating to the conversion of wetlands for the production of an agricultural product or commodity. Grantor may contest in good faith any such law, ordinance or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Lender's interest in the Collateral, in Lender's opinion, is not jeopardized.

No Prohibited Activities. Grantor is not engaged in and none of the Collateral is now or will at any time be created by or used in connection with any Prohibited Activities. Grantor shall not make any payments to Lender from funds derived from Prohibited Activities. Grantor agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement. Notwithstanding any provision in this Agreement or any Related Documents to the contrary, no direct or indirect disclosure to Lender and no knowledge of Lender of the existence of any Prohibited Activities shall estop Lender or waive any right of Lender to invoke any remedy under the Agreement or any Related Documents for any Prohibited Activities.

Hazardous Substances. Grantor represents and warrants that the Collateral never has been, and never will be so long as this Agreement remains a lien on the Collateral, used in violation of any Environmental Laws or for the generation, manufacture, storage, transportation, treatment, disposal, release or threatened release of any Hazardous Substance. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Collateral for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any Environmental Laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims and losses resulting from a breach of this provision of this Agreement. This obligation to indemnify and defend shall survive the payment of the indebtedness and the satisfaction of this Agreement.

Maintenance of Casualty Insurance. Grantor shall procure and maintain all risks insurance, including without limitation fire, theft and liability coverage together with such other insurance as Lender may require with respect to the Collateral, in form, amounts, coverages and basis reasonably acceptable to Lender and issued by a company or companies reasonably acceptable to Lender. Grantor, upon request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days' prior written notice to Lender and not including any disclaimer of the insurer's liability for failure to give such a notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest, Grantor will provide Lender with such loss payable or other endorsements as Lender may require. If Grantor at any time fails to obtain or maintain any insurance as required under this Agreement, Lender may (but shall not be obligated to) obtain such insurance as Lender deems appropriate, including if Lender so chooses "single interest insurance," which will cover only Lender's interest in the Collateral.

Application of Insurance Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Collateral, whether or not such casualty or loss is covered by insurance. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. All proceeds of any insurance on the Collateral, including accrued proceeds thereon, shall be held by Lender as part of the Collateral. If Lender consents to repair or replacement of the damaged or destroyed Collateral, Lender shall, upon satisfactory proof of expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration. If Lender does not consent to repair or replacement of the Collateral, Lender shall retain a sufficient amount of the proceeds to pay all of the indebtedness, and shall pay the balance to Grantor. Any proceeds which have not been disbursed within six (6) months after their receipt and which Grantor has not committed to

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the repair or restoration of the Collateral shall be used to prepay the Indebtedness.

Insurance Reserves. Lender may require Grantor to maintain with Lender reserves for payment of insurance premiums, which reserves shall be created by monthly payments from Grantor of a sum estimated by Lender to be sufficient to produce, at least fifteen (15) days before the premium due date, amounts at least equal to the insurance premiums to be paid. If fifteen (15) days before payment is due, the reserve funds are insufficient, Grantor shall upon demand pay any deficiency to Lender. The reserve funds shall be held by Lender as a general deposit and shall constitute a non-interest-bearing account which Lender may satisfy by payment of the insurance premiums required to be paid by Grantor as they become due. Lender does not hold the reserve funds in trust for Grantor, and Lender is not the agent of Grantor for payment of the insurance premiums required to be paid by Grantor. The responsibility for the payment of premiums shall remain Grantor's sole responsibility.

Insurance Reports. Grantor, upon request of Lender, shall furnish to Lender reports on each existing policy of insurance showing such information as Lender may reasonably request including the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured; (5) the then current value on the basis of which insurance has been obtained and the manner of determining that value; and (6) the expiration date of the policy. In addition, Grantor shall upon request by Lender (however not more often than annually) have an independent appraiser satisfactory to Lender determine, as applicable, the cash value or replacement cost of the Collateral.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

GRANTOR'S RIGHT TO POSSESSION AND TO COLLECT ACCOUNTS. Until default and except as otherwise provided below with respect to accounts, Grantor may have possession of the tangible personal property and beneficial use of all the Collateral and may use it in any lawful manner not inconsistent with this Agreement or the Related Documents, provided that Grantor's right to possession and beneficial use shall not apply to any Collateral where possession of the Collateral by Lender is required by law to perfect Lender's security interest in such Collateral. Until otherwise notified by Lender, Grantor may collect any of the Collateral consisting of accounts. At any time and even though no Event of Default exists, Lender may exercise its rights to collect the accounts and to notify account debtors to make payments directly to Lender for application to the Indebtedness. If Lender at any time has possession of any Collateral, whether before or after an Event of Default, Lender shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if Lender takes such action for that purpose as Grantor shall request or as Lender, in Lender's sole discretion, shall deem appropriate under the circumstances, but failure to honor any request by Grantor shall not of itself be deemed to be a failure to exercise reasonable care. Lender shall not be required to take any steps necessary to preserve any rights in the Collateral against prior parties, nor to protect, preserve or maintain any security interest given to secure the Indebtedness.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the occurrence of any Event of Default.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the

COMMERCIAL SECURITY AGREEMENT (Continued)

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validity of, or liability under, any Guaranty of the Indebtedness.

Cure Provisions. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. If an Event of Default occurs under this Agreement, at any time thereafter, Lender shall have all the rights of a secured party under the California Uniform Commercial Code. In addition and without limitation, Lender may exercise any one or more of the following rights and remedies:

Accelerate Indebtedness. Lender may declare the entire Indebtedness, including any prepayment penalty which Grantor would be required to pay, immediately due and payable, without notice of any kind to Grantor.

Assemble Collateral. Lender may require Grantor to deliver to Lender all or any portion of the Collateral and any and all certificates of title and other documents relating to the Collateral. Lender may require Grantor to assemble the Collateral and make it available to Lender at a place to be designated by Lender. Lender also shall have full power to enter upon the property of Grantor to take possession of and remove the Collateral. If the Collateral contains other goods not covered by this Agreement at the time of repossession, Grantor agrees Lender may take such other goods, provided that Lender makes reasonable efforts to return them to Grantor after repossession.

Sell the Collateral. Lender shall have full power to sell, lease, transfer, or otherwise deal with the Collateral or proceeds thereof in Lender's own name or that of Grantor. Lender may sell the Collateral at public auction or private sale. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold on a recognized market, Lender will give Grantor, and other persons as required by law, reasonable notice of the time and place of any public sale, or the time after which any private sale or any other disposition of the Collateral is to be made. However, no notice need be provided to any person who, after Event of Default occurs, enters into and authenticates an agreement waiving that person's right to notification of sale. The requirements of reasonable notice shall be met if such notice is given at least ten (10) days before the time of the sale or disposition. All expenses relating to the disposition of the Collateral, including without limitation the expenses of retaking, holding, insuring, preparing for sale and selling the Collateral, shall become a part of the Indebtedness secured by this Agreement and shall be payable on demand, with interest at the Note rate from date of expenditure until repaid.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Collateral, with the power to protect and preserve the Collateral, to operate the Collateral preceding foreclosure or sale, and to collect the rents from the Collateral and apply the proceeds, over and above the cost of the receivership, against the Indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Collateral exceeds the Indebtedness by a substantial amount. If permitted by law, employment by Lender shall not disqualify a person from serving as receiver.

Collect Revenues, Apply Accounts. Lender, either itself or through a receiver, may collect the payments, rents, income, and revenues from the Collateral. Lender may at any time in Lender's discretion transfer any Collateral into Lender's own name or that of Lender's nominee and receive the payments, rents, income, and revenues therefrom and hold the same as security for the Indebtedness or apply it to payment of the Indebtedness in such order of preference as Lender may determine. Insofar as the Collateral consists of accounts, general intangibles, insurance policies, instruments, chattel paper, choses in action, or similar property, Lender may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose, or realize on the Collateral as Lender may determine, whether or not Indebtedness or Collateral is then due. For these purposes, Lender may, on behalf of and in the name of Grantor, receive, open and dispose of mail addressed to Grantor; change any address to which mail and payments are to be sent; and endorse notes, checks, drafts, money orders, documents of title, instruments and items pertaining to payment, shipment, or storage of any Collateral. To facilitate collection, Lender may notify account debtors and obligors on any Collateral to make payments directly to Lender.

Obtain Deficiency. If Lender chooses to sell any or all of the Collateral, Lender may obtain a judgment against Grantor for any deficiency remaining on the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this Agreement. Grantor shall be liable for a deficiency even if the transaction described in this subsection is a sale of accounts or chattel paper.

Other Rights and Remedies. Lender shall have all the rights and remedies of a secured creditor under the provisions of the Uniform Commercial Code, as may be amended from time to time. In addition, Lender shall have and may exercise any or all other rights and remedies it may have available at law, in equity, or otherwise.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement, the Related Documents, or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

ARBITRATION. Each party to this agreement, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. All parties agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision. Any such arbitration shall be conducted at a location determined by the arbitrator in San Joaquin County, California,

COMMERCIAL SECURITY AGREEMENT (Continued)

Loan No: 31-033407-30

Page 5

and administered by the American Arbitration Association ("AAA") in accordance with the California Arbitration Act (Title 9, California Code of Civil Procedure Section 1280 et. seq.) and the then existing Commercial Rules of the AAA.

WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each party to this agreement, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, hereby irrevocably waives, to the fullest extent permitted by applicable law, any right such party may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this agreement or any other loan document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory), whether by claim or counterclaim, and whether against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns. Each party hereto acknowledges that it and the other parties hereto have been induced to enter into this agreement and the other loan documents by, among other things, the mutual waivers and certifications in this section.

PARTNERSHIP GRANTOR. If Grantor is a partnership, each of the general partners of Grantor will be jointly and severally liable with Grantor for Grantor's obligations under this Agreement, and Lender may enforce any monetary judgment obtained in an action related to this Agreement directly against the assets of any one or more of Grantor's general partners without proceeding against the assets of Grantor or of any of Grantor's other general partners.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of San Joaquin County, State of California.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Prohibited Activities. Notwithstanding anything to the contrary in this Agreement, Grantor shall not be entitled to receive any notice of or right to cure an Event of Default related to any Prohibited Activities.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as Grantor's irrevocable attorney-in-fact for the purpose of executing any documents necessary to perfect, amend, or to continue the security interest granted in this Agreement or to demand termination of filings of other secured parties. Lender may at any time, and without further authorization from Grantor, file a carbon, photographic or other reproduction of any financing statement or of this Agreement for use as a financing statement. Grantor will reimburse Lender for all expenses for the perfection and the continuation of the perfection of Lender's security interest in the Collateral.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time

**COMMERCIAL SECURITY AGREEMENT
(Continued)**

as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Agreement. The word "Agreement" means this Commercial Security Agreement, as this Commercial Security Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Commercial Security Agreement from time to time.

Borrower. The word "Borrower" means RECLAMATION DISTRICT NO. 2035 and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means RECLAMATION DISTRICT NO. 2035.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Farmers & Merchants Bank of Central California, its successors and assigns.

Note. The word "Note" means all of the obligations of Borrower in favor of Lender or to its order under all existing promissory notes and that certain promissory note dated JUNE 17, 2026 for the original or maximum principal amount of SIX MILLION TWO HUNDRED THOUSAND AND 00/100 DOLLARS (\$6,200,000.00) executed by Borrower and payable to Lender; and any renewals, extensions, modifications, amendments, or supplements thereto, together with further sums as Borrower or any successor in ownership hereafter may borrow from Lender when evidenced by another note or other instruments, reciting it is so secured, payable to Lender or to its order and made by Borrower or any successor-in-ownership, and all renewals, extensions, modifications, amendments, or supplements thereof.

Prohibited Activities. The words "Prohibited Activities" mean any activity relating to the use, sale, possession, cultivation, manufacture, storage, distribution, or marketing of cannabis, marijuana, or marijuana-based products which constitutes in any manner a violation of any applicable federal, state, or local law or regulation, regardless of whether applicable conflicting law permits the same.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS COMMERCIAL SECURITY AGREEMENT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JUNE 17, 2026.

GRANTOR:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

COLLATERAL ASSIGNMENT OF LANDOWNER CONSENT AGREEMENT

THIS COLLATERAL ASSIGNMENT OF LANDOWNER CONSENT AGREEMENT ("Assignment") is made as of June 17, 2026 in favor of FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA, a California banking corporation, its endorsees, successors and assigns (together with its successors and assigns "Lender"), by RECLAMATION DISTRICT NO. 2035 (hereinafter referred to as "Borrower").

B A C K G R O U N D

A. Borrower has entered into that certain Landowner Consent Agreement Apportioning All Costs For Road 27 Drainage Pump Station Emergency Restoration Project dated June 17, 2026, between Borrower and each of the Landowners (as defined in the Agreement) party thereto (as the same may be modified in accordance with the terms of this Assignment, hereinafter collectively referred to as the "Agreement"). Capitalized terms used herein but not defined shall have the meanings as set forth in the Agreement.

B. Lender has agreed to make a loan ("Loan") to Borrower in the maximum principal amount of \$6,200,000 to finance the Road 27 Pump Station Emergency Restoration Project. The Loan also will be evidenced by Borrower's promissory note to Lender of even date herewith ("Note") and will be secured by, among other things, the Agreement.

C. Lender requires as a condition to making the Loan that Borrower assign the Agreement to Lender as part of the collateral for the Loan (the "Collateral")

NOW, THEREFORE, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound hereby, Borrower agrees as follows:

ARTICLE 1 **ASSIGNMENT OF AGREEMENT**

1.01 Assignment by Borrower. As security for the Loan, Borrower hereby conditionally transfers, sets over and assigns to Lender all of Borrower's right, title and interest in and to the Agreement (but none of Borrower's obligations), said transfer and assignment automatically to become a present, unconditional assignment, at Lender's option, upon the occurrence of an Event of Default (hereafter defined).

1.02 Termination of Assignment. At such time as the Loan is paid in full, this Assignment and all of Lender's right, title and interest hereunder with respect to the Agreement automatically shall terminate.

1.03 Borrower's Covenants. Borrower hereby covenants with Lender that during the term of this Assignment: (a) Borrower shall operate the Project in the ordinary course of business in a first class manner; (b) Borrower shall not remove or replace the Administrator or modify or waive any material terms of the Agreement without Lender's prior written consent; (c) Borrower shall not terminate or amend the Agreement, nor consent to any assignment of the Agreement

without Lender's prior written consent; (d) Borrower shall promptly notify Lender in writing of any notice or information that Borrower receives which indicates that any party to the Agreement is terminating the Agreement; and (e) Borrower shall promptly notify Lender in writing of any uncured material default by under the Agreement.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

REGARDING AGREEMENT

2.01 **General.** Borrower represents and warrants to Lender that: (a) the Agreement attached hereto as **Exhibit "A"** is an accurate and complete copy of such agreement, as amended through the date hereof; (b) Borrower has the requisite power and authority to execute and deliver this Assignment and assign the rights of Borrower under the Agreement to Lender; (c) the Agreement is in full force and effect as of the date hereof, and Borrower has taken no action to terminate the Agreement; (d) no default exists under the Agreement by Borrower or any other party thereto, nor does there exist any condition or event which would constitute an event of default had notice been given or applicable cure periods expired; (e) Borrower owns the Collateral free and clear of all security interests and claims of others and Borrower has not transferred, assigned, granted a security interest in or otherwise encumbered its interest in and to the Collateral other than in favor of Lender; (f) no security agreement, financing statement or other document is on file or of record in any public office with respect to the Collateral, other than in favor of Lender; (g) the obligation of the parties under the Agreement to make payments required thereunder is not subject to any defense or counterclaim arising from any act or omission of Borrower; (h) upon the filing of a UCC Financing Statement naming Borrower as debtor and Lender as secured party in the Office of the Secretary of State of the State of California, the Lender will have a first priority perfected security interests in the Collateral, which security interest is prior to all creditors of and purchasers of Borrower; and (i) the Agreement contains all of the agreements between the respective parties thereto relating to the matters covered by the Agreement and a true and correct copy of the Agreement has been delivered to Lender on or before the date hereof.

ARTICLE 3

RESERVED

ARTICLE 4

LENDER RIGHTS AND REMEDIES

4.01 **Events of Default.** A default ("**Event of Default**") shall occur under this Assignment, (a) with respect to Borrower upon the occurrence of an "Event of Default" as that term is defined under the Loan Agreement or the Agreement.

4.02 **Rights of Lender Following an Event of Default.** Upon the occurrence and during the continuance of an Event of Default, Lender may exercise the rights set forth in the Loan Documents, and without regard to the adequacy or the security for the indebtedness evidenced by the Loan Documents and the other obligations hereby secured or secured by the other Loan Documents, Lender shall have the right, but not the obligation, to exercise any of the rights of Borrower under the Agreement, including, without limitation, the right to require that Borrower apply, and direct each of the parties to the Agreement to pay and apply, all Project Assessments in

accordance with Lender's written directions, to Lender. Irrespective of whether an Event of Default has occurred, Borrower agrees that, if Borrower becomes insolvent, Lender may deliver written notice to Borrower and each of the other parties to the Agreement, which notice shall specify in reasonable detail the grounds for Lender's determination. If Lender reasonably determines that the conditions specified in Lender's notice are not remedied to Lender's reasonable satisfaction by Borrower within thirty (30) days from receipt of such notice or if Borrower has failed to diligently undertake correcting such conditions within such thirty (30) day period, Lender may take any action permitted under applicable law to enforce its rights hereunder, under the Agreement and the Loan Documents.

4.04 Lender Consent. Wherever pursuant to this Assignment: (a) Lender exercises any right to approve or disapprove or to grant or withhold consent; (b) any arrangement or term is to be satisfactory to Lender; (c) a waiver is requested from Lender, or (d) any other decision is to be made by Lender, all shall be made by Lender in Lender's sole discretion, unless expressly provided otherwise in this Assignment. By approving or granting consent, Lender shall not be deemed to have warranted or affirmed the sufficiency, completeness, legality or effectiveness of the subject matter.

4.05 Cumulative Remedies. Lender's remedies under this Assignment are cumulative with the remedies provided in the other Loan Documents, by law or in equity and may be exercised independently, concurrently or successively in Lender's sole discretion and as often as occasion therefor shall arise. Lender's delay or failure to accelerate the Loan or exercise any other remedy upon the occurrence of an Event of Default shall not be deemed a waiver of such right as remedy. No partial exercise by Lender of any right or remedy will preclude further exercise thereof. Notice or demand given in any instance will not entitle Borrower to notice or demand in similar or other circumstances nor constitute Lender's waiver of its right to take any future action in any circumstance without notice or demand (except where expressly required by this Assignment to be given). Lender may release security for the Loan, may release any party liable for the Loan, may grant extensions, renewals or forbearances with respect thereto, may accept a partial or past due payment or grant other indulgences, or may apply any security held by it to payment of the Loan, in each case without prejudice to its rights under this Assignment and without such action being deemed an accord and satisfaction or a reinstatement of the Loan or the obligations under this Assignment. Lender will not be deemed as a consequence of its delay or failure to act, or any forbearances granted, to have waived or be estopped from exercising any of its rights or remedies.

ARTICLE 5

MISCELLANEOUS

5.01 Notices. All notices and other communications under this Assignment are to be in writing and addressed in the case of Lender to the address as set forth below and in the case of Borrower. Default or demand notices shall be deemed to have been duly given upon the earlier of: (a) actual receipt; (b) one (1) business day after having been timely deposited for overnight delivery, fee prepaid, with a reputable overnight courier service, having a reliable tracking system; (c) one (1) business day after having been sent by telecopier (with answer back acknowledged) provided an additional notice is given pursuant to (b); or (d) three (3) business days after having been deposited in any post office or mail depository regularly maintained by the U.S. Postal

Service and sent by certified mail, postage prepaid, return receipt requested, and in the case of clause (b) and (d) irrespective of whether delivery is accepted. A new address for notice may be established by written notice to the other parties; provided, however, that no address change will be effective until written notice thereof actually is received by the party to whom such address change is sent. Lender's notice address is as follows:

Addresses:

To Borrower:

Reclamation District No. 2035
45332 County Road 25
Woodland, CA 95776

With a copy to:

Farmers & Merchants Bank of Central California
Attn: Loan Center
116 W. Pine Street
P. O. Box 3000
Lodi, CA 95240

5.02 Entire Agreement; Modification. This Assignment is the entire agreement between the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior discussions, representations, communications and agreements (oral or written). This Assignment shall not be modified, supplemented, or terminated, nor any provision hereof waived, except by a written instrument signed by the party against whom enforcement thereof is sought, and then only to the extent expressly set forth in such writing.

5.03 Binding Effect. This Assignment is binding upon and inures to the benefit of Borrower and Lender, and their respective heirs, executors, legal representatives, successors, and assigns, whether by voluntary action of the parties or by operation of law.

5.04 Duplicate Originals; Counterparts. This Assignment may be executed in any number of duplicate originals, and each duplicate original shall be deemed to be an original. This Assignment also may be executed in any number of counterparts, each of which shall be deemed an original and all of which together constitute a fully executed agreement even though all signatures do not appear on the same document.

5.05 Unenforceable Provisions. Any provision of this Assignment which is determined by a court of competent jurisdiction or government body to be invalid, unenforceable or illegal shall be ineffective only to the extent of such determination and shall not affect the validity, enforceability or legality of any other provision, nor shall such determination apply in any circumstance or to any party not controlled by such determination.

5.06 Construction of Certain Terms. Defined terms used in this Assignment may be used interchangeably in singular or plural form, and pronouns shall be deemed to cover all genders.

Article and section headings are for convenience only and shall not be used in interpretation of this Assignment. When used in this Assignment: "herein," "hereof" and "hereunder" and other words of similar import refer to this Assignment as a whole and not to any particular section, paragraph or other subdivision; "section" refers to the entire section and not to any particular subsection, paragraph or other subdivision; "**Assignment**" and each Loan Document referred to herein means this Assignment as originally executed and as amended, supplemented, consolidated, extended or restated from time to time.

5.07 Governing Law. This Assignment shall be interpreted and enforced according to the laws of the State of California.

5.08 ARBITRATION. Each party to this Assignment, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Assignment or otherwise, including without limitation contract and tort disputes against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. All parties agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Assignment shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision. Any such arbitration shall be conducted at a location determined by the arbitrator in San Joaquin County, California, and administered by the American Arbitration Association ("AAA") in accordance with the California Arbitration Act (Title 9, California Code of Civil Procedure Section 1280 et. seq.) and the then existing Commercial Rules of the AAA.

X

Borrower's initials

5.09 WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each party to this Assignment, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, hereby irrevocably waives, to the fullest extent permitted by applicable law, any right such party may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this Assignment or any other loan document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory), whether by claim or counterclaim, and whether against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns. Each party hereto acknowledges that it and the other parties hereto have been induced to enter into this Assignment and the other loan documents by, among other things, the mutual waivers and certifications in this section.

X _____

Borrower's initials

IN WITNESS WHEREOF, the undersigned hereby sign, seal and deliver this Assignment.

BORROWER:

RECLAMATION DISTRICT NO. 2035,
a California Reclamation District

By: _____
KYRIAKOS TSAKOPOULOS, Board President

By: _____
JESSE CLARK, District General Manager

EXHIBIT "A"
AGREEMENT

BUSINESS LOAN AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

THIS BUSINESS LOAN AGREEMENT dated June 17, 2026, is made and executed between RECLAMATION DISTRICT NO. 2035 ("Borrower") and Farmers & Merchants Bank of Central California ("Lender") on the following terms and conditions. Borrower has received prior commercial loans from Lender or has applied to Lender for a commercial loan or loans or other financial accommodations, including those which may be described on any exhibit or schedule attached to this Agreement. Borrower understands and agrees that: (A) in granting, renewing, or extending any Loan, Lender is relying upon Borrower's representations, warranties, and agreements as set forth in this Agreement; (B) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender's sole judgment and discretion; and (C) all such Loans shall be and remain subject to the terms and conditions of this Agreement.

TERM. This Agreement shall be effective as of June 17, 2026, and shall continue in full force and effect until such time as all of Borrower's Loans in favor of Lender have been paid in full, including principal, interest, costs, expenses, attorneys' fees, and other fees and charges, or until such time as the parties may agree in writing to terminate this Agreement.

CONDITIONS PRECEDENT TO EACH ADVANCE. Lender's obligation to make the initial Advance and each subsequent Advance under this Agreement shall be subject to the fulfillment to Lender's satisfaction of all of the conditions set forth in this Agreement and in the Related Documents.

Loan Documents. Borrower shall provide to Lender the following documents for the Loan: (1) the Note; (2) Security Agreements granting to Lender security interests in the Collateral; (3) financing statements and all other documents perfecting Lender's Security Interests; (4) evidence of insurance as required below; (5) together with all such Related Documents as Lender may require for the Loan; all in form and substance satisfactory to Lender and Lender's counsel.

Borrower's Authorization. Borrower shall have provided in form and substance satisfactory to Lender properly certified resolutions, duly authorizing the execution and delivery of this Agreement, the Note and the Related Documents. In addition, Borrower shall have provided such other resolutions, authorizations, documents and instruments as Lender or its counsel, may require.

Payment of Fees and Expenses. Borrower shall have paid to Lender all fees, charges, and other expenses which are then due and payable as specified in this Agreement or any Related Document.

Representations and Warranties. The representations and warranties set forth in this Agreement, in the Related Documents, and in any document or certificate delivered to Lender under this Agreement are true and correct.

No Event of Default. There shall not exist at the time of any Advance a condition which would constitute an Event of Default under this Agreement or under any Related Document.

REPRESENTATIONS AND WARRANTIES. Borrower represents and warrants to Lender, as of the date of this Agreement, as of the date of each disbursement of loan proceeds, as of the date of any renewal, extension or modification of any Loan, and at all times any Indebtedness exists:

Organization. Borrower is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of California. Borrower is duly authorized to transact business in all other states in which Borrower is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which Borrower is doing business. Specifically, Borrower is, and at all times shall be, duly qualified as a foreign in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. Borrower has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. Borrower maintains an office at 45332 COUNTY ROAD 25, WOODLAND, CA 95776. Unless Borrower has designated otherwise in writing, the principal office is the office at which Borrower keeps its books and records including its records concerning the Collateral. Borrower will notify Lender prior to any change in the location of Borrower's state of organization or any change in Borrower's name. Borrower shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to Borrower and Borrower's business activities.

Assumed Business Names. Borrower has filed or recorded all documents or filings required by law relating to all assumed business names used by Borrower. Excluding the name of Borrower, the following is a complete list of all assumed business names under which Borrower does business: **None.**

Authorization. Borrower's execution, delivery, and performance of this Agreement and all the Related Documents have been duly authorized by all necessary action by Borrower and do not conflict with, result in a violation of, or constitute a default under (1) any provision of any agreement or other instrument binding upon Borrower or (2) any law, governmental regulation, court decree, or order applicable to Borrower or to Borrower's properties.

Financial Information. Each of Borrower's financial statements supplied to Lender truly and completely disclosed Borrower's financial condition as of the date of the statement, and there has been no material adverse change in Borrower's financial condition subsequent to the date of the most recent financial statement supplied to Lender. Borrower has no material contingent obligations except as disclosed in such financial statements.

Legal Effect. This Agreement constitutes, and any instrument or agreement Borrower is required to give under this Agreement when delivered will constitute legal, valid, and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

No Prohibited Activities. Borrower is not engaged in and none of the Collateral is created by or used in connection with any Prohibited Activities. Borrower shall not make any payments to Lender from funds derived from Prohibited Activities. Borrower agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement. Notwithstanding any provision in this Agreement or any Related Documents to the contrary, no direct or indirect disclosure to Lender and no knowledge of Lender of the existence of any

BUSINESS LOAN AGREEMENT (Continued)

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Prohibited Activities shall estop Lender or waive any right of Lender to invoke any remedy under the Agreement or any Related Documents for any Prohibited Activities.

Properties. Except as contemplated by this Agreement or as previously disclosed in Borrower's financial statements or in writing to Lender and as accepted by Lender, and except for property tax liens for taxes not presently due and payable, Borrower owns and has good title to all of Borrower's properties free and clear of all Security Interests, and has not executed any security documents or financing statements relating to such properties. All of Borrower's properties are titled in Borrower's legal name, and Borrower has not used or filed a financing statement under any other name for at least the last five (5) years.

Hazardous Substances. Except as disclosed to and acknowledged by Lender in writing, Borrower represents and warrants that: (1) During the period of Borrower's ownership of the Collateral, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from any of the Collateral. (2) Borrower has no knowledge of, or reason to believe that there has been (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Collateral by any prior owners or occupants of any of the Collateral; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters. (3) Neither Borrower nor any tenant, contractor, agent or other authorized user of any of the Collateral shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from any of the Collateral; and any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations, and ordinances, including without limitation all Environmental Laws. Borrower authorizes Lender and its agents to enter upon the Collateral to make such inspections and tests as Lender may deem appropriate to determine compliance of the Collateral with this section of the Agreement. Any inspections or tests made by Lender shall be at Borrower's expense and for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Borrower or to any other person. The representations and warranties contained herein are based on Borrower's due diligence in investigating the Collateral for hazardous waste and Hazardous Substances. Borrower hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Borrower becomes liable for cleanup or other costs under any such laws, and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, losses, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Agreement or as a consequence of any use, generation, manufacture, storage, disposal, release or threatened release of a hazardous waste or substance on the Collateral. The provisions of this section of the Agreement, including the obligation to indemnify and defend, shall survive the payment of the Indebtedness and the termination, expiration or satisfaction of this Agreement and shall not be affected by Lender's acquisition of any interest in any of the Collateral, whether by foreclosure or otherwise.

Litigation and Claims. No litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Borrower is pending or threatened, and no other event has occurred which may materially adversely affect Borrower's financial condition or properties, other than litigation, claims, or other events, if any, that have been disclosed to and acknowledged by Lender in writing.

Taxes. To the best of Borrower's knowledge, all of Borrower's tax returns and reports that are or were required to be filed, have been filed, and all taxes, assessments and other governmental charges have been paid in full, except those presently being or to be contested by Borrower in good faith in the ordinary course of business and for which adequate reserves have been provided.

Lien Priority. Unless otherwise previously disclosed to Lender in writing, Borrower has not entered into or granted any Security Agreements, or permitted the filing or attachment of any Security Interests on or affecting any of the Collateral directly or indirectly securing repayment of Borrower's Loan and Note, that would be prior or that may in any way be superior to Lender's Security Interests and rights in and to such Collateral.

Binding Effect. This Agreement, the Note, all Security Agreements (if any), and all Related Documents are binding upon the signers thereof, as well as upon their successors, representatives and assigns, and are legally enforceable in accordance with their respective terms.

AFFIRMATIVE COVENANTS. Borrower covenants and agrees with Lender that, so long as this Agreement remains in effect, Borrower will:

Notices of Claims and Litigation. Promptly inform Lender in writing of (1) all material adverse changes in Borrower's financial condition, and (2) all existing and all threatened litigation, claims, investigations, administrative proceedings or similar actions affecting Borrower or any Guarantor which could materially affect the financial condition of Borrower or the financial condition of any Guarantor.

Financial Records. Maintain its books and records in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and permit Lender to examine and audit Borrower's books and records at all reasonable times.

Financial Statements. Furnish Lender with the following:

Annual Statements. As soon as available, but in no event later than sixty (60) days after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, prepared by Borrower in form satisfactory to Lender.

Additional Requirements.

(a) **Annual Statements.** As soon as available, but in no event later than ten (10) months after the end of each fiscal year, Borrower's balance sheet and income statement for the year ended, audited by a certified public accountant satisfactory to Lender.

(b) **Assessment Roll.** As soon as available, but in no event later than sixty (60) days after the end of each fiscal year, Borrower's assessment roll report for the period ended, prepared by Borrower in form satisfactory to Lender.

All financial reports required to be provided under this Agreement shall be prepared in accordance with GAAP, or an OCBOA acceptable to Lender, applied on a consistent basis, and certified by Borrower as being true and correct.

Additional Information. Furnish such additional information and statements, as Lender may request from time to time.

Financial Covenants and Ratios. Comply with the following covenants and ratios:

Working Capital Requirements. Maintain Working Capital in excess of **\$500,000.00**. Other Working Capital requirements are as follows: This requirement will be will be evaluated as of year-end.

Except as provided above, all computations made to determine compliance with the requirements contained in this paragraph shall be made in accordance with generally accepted accounting principles, applied on a consistent basis, and certified by Borrower as being true and correct.

Insurance. Maintain fire and other risk insurance, public liability insurance, and such other insurance as Lender may require with respect to Borrower's properties and operations, in form, amounts, coverages and with insurance companies acceptable to Lender. Borrower, upon

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request of Lender, will deliver to Lender from time to time the policies or certificates of insurance in form satisfactory to Lender, including stipulations that coverages will not be cancelled or diminished without at least ten (10) days prior written notice to Lender. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Borrower or any other person. In connection with all policies covering assets in which Lender holds or is offered a security interest for the Loans, Borrower will provide Lender with such lender's loss payable or other endorsements as Lender may require.

Insurance Reports. Furnish to Lender, upon request of Lender, reports on each existing insurance policy showing such information as Lender may reasonably request, including without limitation the following: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the properties insured; (5) the then current property values on the basis of which insurance has been obtained, and the manner of determining those values; and (6) the expiration date of the policy. In addition, upon request of Lender (however not more often than annually), Borrower will have an independent appraiser satisfactory to Lender determine, as applicable, the actual cash value or replacement cost of any Collateral. The cost of such appraisal shall be paid by Borrower.

Other Agreements. Comply with all terms and conditions of all other agreements, whether now or hereafter existing, between Borrower and any other party and notify Lender immediately in writing of any default in connection with any other such agreements.

Loan Proceeds. Use all Loan proceeds solely for Borrower's business operations, unless specifically consented to the contrary by Lender in writing.

Taxes, Charges and Liens. Pay and discharge when due all of its indebtedness and obligations, including without limitation all assessments, taxes, governmental charges, levies and liens, of every kind and nature, imposed upon Borrower or its properties, income, or profits, prior to the date on which penalties would attach, and all lawful claims that, if unpaid, might become a lien or charge upon any of Borrower's properties, income, or profits. Provided however, Borrower will not be required to pay and discharge any such assessment, tax, charge, levy, lien or claim so long as (1) the legality of the same shall be contested in good faith by appropriate proceedings, and (2) Borrower shall have established on Borrower's books adequate reserves with respect to such contested assessment, tax, charge, levy, lien, or claim in accordance with GAAP or an OCBOA acceptable to Lender.

Performance. Perform and comply, in a timely manner, with all terms, conditions, and provisions set forth in this Agreement, in the Related Documents, and in all other instruments and agreements between Borrower and Lender. Borrower shall notify Lender immediately in writing of any default in connection with any agreement.

Operations. Maintain executive and management personnel with substantially the same qualifications and experience as the present executive and management personnel; provide written notice to Lender of any change in executive and management personnel; conduct its business affairs in a reasonable and prudent manner.

Environmental Studies. Promptly conduct and complete, at Borrower's expense, all such investigations, studies, samplings and testings as may be requested by Lender or any governmental authority relative to any substance, or any waste or by-product of any substance defined as toxic or a hazardous substance under applicable federal, state, or local law, rule, regulation, order or directive, at or affecting any property or any facility owned, leased or used by Borrower.

Compliance with Governmental Requirements. Comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the conduct of Borrower's properties, businesses and operations, and to the use or occupancy of the Collateral, including without limitation, the Americans With Disabilities Act. Borrower may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Borrower has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Collateral are not jeopardized. Lender may require Borrower to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Beneficial Ownership Information. Comply with all beneficial ownership information reporting requirements of the Corporate Transparency Act and its implementing regulations (collectively the CTA), if applicable to that Borrower. Any Borrower that is or becomes a reporting company as defined in the CTA: (1) has filed, or will file within required timeframes a complete and accurate report of its beneficial ownership information with the Financial Crimes Enforcement Network (FinCEN) as required by the CTA; (2) will update or correct its beneficial ownership information with FinCEN within required timeframes upon any change in its beneficial ownership information; (3) will provide Lender with a copy of its beneficial ownership information report filed with FinCEN upon request; (4) consents to allow Lender to obtain from FinCEN beneficial ownership information filed by Borrower; and (5) will notify Lender in writing of any change in its beneficial ownership information within 30 days of such change.

Inspection. Permit employees or agents of Lender at any reasonable time to inspect any and all Collateral for the Loan or Loans and Borrower's other properties and to examine or audit Borrower's books, accounts, and records and to make copies and memoranda of Borrower's books, accounts, and records. If Borrower now or at any time hereafter maintains any records (including without limitation computer generated records and computer software programs for the generation of such records) in the possession of a third party, Borrower, upon request of Lender, shall notify such party to permit Lender free access to such records at all reasonable times and to provide Lender with copies of any records it may request, all at Borrower's expense.

Compliance Certificates. Unless waived in writing by Lender, provide Lender at least annually, with a certificate executed by Borrower's chief financial officer, or other officer or person acceptable to Lender, certifying that the representations and warranties set forth in this Agreement are true and correct as of the date of the certificate and further certifying that, as of the date of the certificate, no Event of Default exists under this Agreement.

Environmental Compliance and Reports. Borrower shall comply in all respects with any and all Environmental Laws; not cause or permit to exist, as a result of an intentional or unintentional action or omission on Borrower's part or on the part of any third party, on property owned and/or occupied by Borrower, any environmental activity where damage may result to the environment, unless such environmental activity is pursuant to and in compliance with the conditions of a permit issued by the appropriate federal, state or local governmental authorities; shall furnish to Lender promptly and in any event within thirty (30) days after receipt thereof a copy of any notice, summons, lien, citation, directive, letter or other communication from any governmental agency or instrumentality concerning any intentional or unintentional action or omission on Borrower's part in connection with any environmental activity whether or not there is damage to the environment and/or other natural resources.

Additional Assurances. Make, execute and deliver to Lender such promissory notes, mortgages, deeds of trust, security agreements, assignments, financing statements, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence and secure the Loans and to perfect all Security Interests.

Required Financial Items. Borrower acknowledges the importance to Lender of the timely delivery of each of the items required by this section (each, a "Required Financial Item" and collectively, the "Required Financial Items"). In the event Borrower fails to deliver to Lender any of the Required Financial Items within the time frame specified herein (each such event, a "Reporting Failure"), in addition to constituting an Event of Default hereunder and without limiting Lender's other rights and remedies with respect to the occurrence of such

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an Event of Default, Borrower shall pay to Lender the sum of \$250.00 per occurrence for each Reporting Failure; provided, however, as it relates solely to the first two (2) Reporting Failures in any calendar year, such occurrence shall not be deemed an Event of Default unless Borrower fails to provide the Required Financial Items following thirty (30) days notice from Lender. It shall constitute a further Event of Default hereunder if any such payment is not received by Lender within thirty (30) days of the date on which such payment is due, and Lender shall be entitled to the exercise of all of its rights and remedies provided hereunder.

Covenant Violations. Borrower acknowledges that Borrower's compliance with each of the covenants contained in the Loan Documents is of material importance to Lender, and failure to satisfy the covenants (financial or otherwise) (each such event, a "Covenant Compliance Failure") would result in additional risk and administrative monitoring costs incurred by Lender. Therefore, in addition to constituting an Event of Default hereunder and without limiting Lender's other rights and remedies with respect to the occurrence of such an Event of Default, Borrower shall pay to Lender a fee of no less than \$750.00 for each Covenant Compliance Failure. If a covenant is measured or tested periodically, then failure to satisfy the applicable covenant for each such period shall constitute a separate Covenant Compliance Failure. It shall constitute a further Event of Default hereunder if any such fee is not received by Lender within thirty (30) days of the date on which such payment is due, and Lender shall be entitled to the exercise of all of its rights and remedies provided hereunder.

RECOVERY OF ADDITIONAL COSTS. If the imposition of or any change in any law, rule, regulation, guideline, or generally accepted accounting principle, or the interpretation or application of any thereof by any court, administrative or governmental authority, or standard-setting organization (including any request or policy not having the force of law) shall impose, modify or make applicable any taxes (except federal, state or local income or franchise taxes imposed on Lender), reserve requirements, capital adequacy requirements or other obligations which would (A) increase the cost to Lender for extending or maintaining the credit facilities to which this Agreement relates, (B) reduce the amounts payable to Lender under this Agreement or the Related Documents, or (C) reduce the rate of return on Lender's capital as a consequence of Lender's obligations with respect to the credit facilities to which this Agreement relates, then Borrower agrees to pay Lender such additional amounts as will compensate Lender therefor, within five (5) days after Lender's written demand for such payment, which demand shall be accompanied by an explanation of such imposition or charge and a calculation in reasonable detail of the additional amounts payable by Borrower, which explanation and calculations shall be conclusive in the absence of manifest error.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Borrower fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Borrower's failure to discharge or pay when due any amounts Borrower is required to discharge or pay under this Agreement or any Related Documents, Lender on Borrower's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on any Collateral and paying all costs for insuring, maintaining and preserving any Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Borrower. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity.

NEGATIVE COVENANTS. Borrower covenants and agrees with Lender that while this Agreement is in effect, Borrower shall not, without the prior written consent of Lender:

Indebtedness and Liens. (1) Except for trade debt incurred in the normal course of business and indebtedness to Lender contemplated by this Agreement, create, incur or assume additional indebtedness for borrowed money, including finance leases, in excess of the aggregate amount of **\$250,000.00**, (2) sell, transfer, mortgage, assign, pledge, lease, grant a security interest in, or encumber any of Borrower's assets (except as allowed as Permitted Liens), or (3) sell with recourse any of Borrower's accounts receivable, except to Lender.

Continuity of Operations. (1) Engage in any business activities substantially different than those in which Borrower is presently engaged, (2) cease operations, liquidate, merge or restructure as a legal entity (whether by division or otherwise), consolidate with or acquire any other entity, change its name, convert to another type of entity or redomesticate, dissolve or transfer or sell Collateral out of the ordinary course of business, or (3) make any distribution with respect to any capital account, whether by reduction of capital or otherwise.

Prohibited Activities. Engage in, or permit the Collateral to be created by or used in connection with, any Prohibited Activities.

Loans, Acquisitions and Guaranties. (1) Loan, invest in or advance money or assets to any other person, enterprise or entity, (2) purchase, create or acquire any interest in any other enterprise or entity, or (3) incur any obligation as surety or guarantor other than in the ordinary course of business.

Agreements. Enter into any agreement containing any provisions which would be violated or breached by the performance of Borrower's obligations under this Agreement or in connection herewith.

CESSATION OF ADVANCES. If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to make Loan Advances or to disburse Loan proceeds if: (A) Borrower or any Guarantor is in default under the terms of this Agreement or any of the Related Documents or any other agreement that Borrower or any Guarantor has with Lender; (B) Borrower or any Guarantor dies, becomes incompetent or becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged a bankrupt; (C) there occurs a material adverse change in Borrower's financial condition, in the financial condition of any Guarantor, or in the value of any Collateral securing any Loan; or (D) any Guarantor seeks, claims or otherwise attempts to limit, modify or revoke such Guarantor's guaranty of the Loan or any other loan with Lender.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Borrower fails to make any payment when due under the Loan.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's or any Grantor's property or Borrower's or any Grantor's ability to repay the Loans or perform their respective obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The death of Borrower or the dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of

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creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the Loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of the Loan is impaired.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the Indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Right to Cure. If any default, other than a default on Indebtedness, is curable and if Borrower or Grantor, as the case may be, has not been given a notice of a similar default within the preceding twelve (12) months, it may be cured if Borrower or Grantor, as the case may be, after Lender sends written notice to Borrower or Grantor, as the case may be, demanding cure of such default: (1) cure the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiate steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continue and complete all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

EFFECT OF AN EVENT OF DEFAULT. If any Event of Default shall occur, except where otherwise provided in this Agreement or the Related Documents, all commitments and obligations of Lender under this Agreement or the Related Documents or any other agreement immediately will terminate (including any obligation to make further Loan Advances or disbursements), and, at Lender's option, all Indebtedness immediately will become due and payable, all without notice of any kind to Borrower, except that in the case of an Event of Default of the type described in the "Insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, Lender shall have all the rights and remedies provided in the Related Documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of Lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Borrower or of any Grantor shall not affect Lender's right to declare a default and to exercise its rights and remedies.

ADDITIONAL EVENT OF DEFAULT. The following shall constitute an Event of Default under this Agreement:

Should Borrower, any guarantor, or any grantor default under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement in favor of Lender or any other creditor or person that may materially affect any of Borrower's property or Borrower's, any guarantor's, or any grantor's ability to repay the loans or perform their respective obligations under this Agreement or any of the related documents.

ARBITRATION. Each party to this agreement, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, agree that all disputes, claims and controversies between them whether individual, joint, or class in nature, arising from this Agreement or otherwise, including without limitation contract and tort disputes against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns, shall be arbitrated pursuant to the Rules of the American Arbitration Association in effect at the time the claim is filed, upon request of either party. No act to take or dispose of any Collateral shall constitute a waiver of this arbitration agreement or be prohibited by this arbitration agreement. This includes, without limitation, obtaining injunctive relief or a temporary restraining order; invoking a power of sale under any deed of trust or mortgage; obtaining a writ of attachment or imposition of a receiver; or exercising any rights relating to personal property, including taking or disposing of such property with or without judicial process pursuant to Article 9 of the Uniform Commercial Code. Any disputes, claims, or controversies concerning the lawfulness or reasonableness of any act, or exercise of any right, concerning any Collateral, including any claim to rescind, reform, or otherwise modify any agreement relating to the Collateral, shall also be arbitrated, provided however that no arbitrator shall have the right or the power to enjoin or restrain any act of any party. All parties agree that in the event of an action for judicial foreclosure pursuant to California Code of Civil Procedure Section 726, or any similar provision in any other state, the commencement of such an action will not constitute a waiver of the right to arbitrate and the court shall refer to arbitration as much of such action, including counterclaims, as lawfully may be referred to arbitration. Judgment upon any award rendered by any arbitrator may be entered in any court having jurisdiction. Nothing in this Agreement shall preclude any party from seeking equitable relief from a court of competent jurisdiction. The statute of limitations, estoppel, waiver, laches, and similar doctrines which would otherwise be applicable in an action brought by a party shall be applicable in any arbitration proceeding, and the commencement of an arbitration proceeding shall be deemed the commencement of an action for these purposes. The Federal Arbitration Act shall apply to the construction, interpretation, and enforcement of this arbitration provision. Any such arbitration shall be conducted at a location determined by the arbitrator in San Joaquin County, California, and administered by the American Arbitration Association ("AAA") in accordance with the California Arbitration Act (Title 9, California Code of Civil Procedure Section 1280 et. seq.) and the then existing Commercial Rules of the AAA.

WAIVER OF JURY TRIAL. To the extent permitted by applicable law, each party to this agreement, on behalf of themselves and each of their respective subsidiaries, affiliates, and all of their respective shareholders, directors, officers, employees, agents, representatives, successors and assigns, hereby irrevocably waives, to the fullest extent permitted by applicable law, any right such party may have to a trial by jury in any legal proceeding directly or indirectly arising out of or relating to this agreement or any other loan document or the transactions contemplated hereby or thereby (whether based on contract, tort or any other theory), whether by claim or counterclaim, and whether against any party or any such party's shareholders, directors, officers, employees, agents, representatives, successors and assigns. Each party hereto acknowledges that it and the other parties hereto have been induced to enter into this agreement and the other loan documents by, among other things, the mutual waivers and certifications in this section.

COLLECTION COSTS. Upon default, Lender will have the following rights in addition to any other rights provided in this Agreement or by law. Lender may require Borrower to pay, on demand, any of its internal costs or the costs of third parties which Lender reasonably determines were incurred because of the default. This includes internal costs such as the allocable cost of in-house counsel, staff appraisers, collection personnel, accounting personnel or other salaried employees, and the overtime or regular-time compensation of Lender's hourly employees, that is reasonably incurred as a result of my default. It further includes any fees or costs paid to third parties as a result of or on account of the default, including fees to appraisers, collection agencies, foreclosure services, title services and other reasonably incurred amounts. Amounts due under this paragraph shall be due on demand, or Lender may, at its option, add them to the balance of the Note, in which case they shall bear interest at the Note rate.

**BUSINESS LOAN AGREEMENT
(Continued)**

EMAIL NOTICE. Any reference in this Agreement or any other Related Document to "written notice" shall include notice by email, where there is reasonable certainty that such email notice originated either from a valid Farmers & Merchants Bank of Central California email address, or from the email address for you on file (if any) with Lender, as the case may be, and may be relied upon as valid and authentic written communication in which event the notice shall be deemed received on the date of transmission if made on or before 4:00 p.m. Pacific time on a business day so long as no delivery error message is received by the delivering party, or if transmission is made after 4:00 p.m. Pacific time, then on the next business day so long as no delivery error message is received by the delivering party, and a copy of such notice is also delivered in person, by overnight courier, or registered or certified mail through the United States Postal Service.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Borrower agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Borrower shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Borrower also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Consent to Loan Participation. Borrower agrees and consents to Lender's sale or transfer, whether now or later, of one or more participation interests in the Loan to one or more purchasers, whether related or unrelated to Lender. Lender may provide, without any limitation whatsoever, to any one or more purchasers, or potential purchasers, any information or knowledge Lender may have about Borrower or about any other matter relating to the Loan, and Borrower hereby waives any rights to privacy Borrower may have with respect to such matters. Borrower additionally waives any and all notices of sale of participation interests, as well as all notices of any repurchase of such participation interests. Borrower also agrees that the purchasers of any such participation interests will be considered as the absolute owners of such interests in the Loan and will have all the rights granted under the participation agreement or agreements governing the sale of such participation interests. Borrower further waives all rights of offset or counterclaim that it may have now or later against Lender or against any purchaser of such a participation interest and unconditionally agrees that either Lender or such purchaser may enforce Borrower's obligation under the Loan irrespective of the failure or insolvency of any holder of any interest in the Loan. Borrower further agrees that the purchaser of any such participation interests may enforce its interests irrespective of any personal claims or defenses that Borrower may have against Lender.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of San Joaquin County, State of California.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Borrower, or between Lender and any Grantor, shall constitute a waiver of any of Lender's rights or of any of Borrower's or any Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address. Unless otherwise provided or required by law, if there is more than one Borrower, any notice given by Lender to any Borrower is deemed to be notice given to all Borrowers.

Prohibited Activities. Notwithstanding anything to the contrary in this Agreement, Borrower shall not be entitled to receive any notice of or right to cure an Event of Default related to any Prohibited Activities.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Subsidiaries and Affiliates of Borrower. To the extent the context of any provisions of this Agreement makes it appropriate, including without limitation any representation, warranty or covenant, the word "Borrower" as used in this Agreement shall include all of Borrower's subsidiaries and affiliates. Notwithstanding the foregoing however, under no circumstances shall this Agreement be construed to require Lender to make any Loan or other financial accommodation to any of Borrower's subsidiaries or affiliates.

Successors and Assigns. All covenants and agreements by or on behalf of Borrower contained in this Agreement or any Related Documents shall bind Borrower's successors and assigns and shall inure to the benefit of Lender and its successors and assigns. Borrower shall not, however, have the right to assign Borrower's rights under this Agreement or any interest therein, without the prior written consent of Lender.

Survival of Representations and Warranties. Borrower understands and agrees that in making the Loan, Lender is relying on all representations, warranties, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement or the Related Documents. Borrower further agrees that regardless of any investigation made by Lender, all such representations, warranties and covenants will survive the making of the Loan and delivery to Lender of the Related Documents, shall be continuing in nature, and shall remain in full force and effect until such time as Borrower's Indebtedness shall be paid

BUSINESS LOAN AGREEMENT (Continued)

Loan No: 31-033407-30

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in full, or until this Agreement shall be terminated in the manner provided above, whichever is the last to occur.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code. Accounting words and terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with generally accepted accounting principles as in effect on the date of this Agreement:

Advance. The word "Advance" means a disbursement of Loan funds made, or to be made, to Borrower or on Borrower's behalf on a line of credit or multiple advance basis under the terms and conditions of this Agreement.

Agreement. The word "Agreement" means this Business Loan Agreement, as this Business Loan Agreement may be amended or modified from time to time, together with all exhibits and schedules attached to this Business Loan Agreement from time to time.

Borrower. The word "Borrower" means RECLAMATION DISTRICT NO. 2035 and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all property and assets granted as collateral security for a Loan, whether real or personal property, whether granted directly or indirectly, whether granted now or in the future, and whether granted in the form of a security interest, mortgage, collateral mortgage, deed of trust, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien, charge, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever, whether created by law, contract, or otherwise.

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., Chapters 6.5 through 7.7 of Division 20 of the California Health and Safety Code, Section 25100, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

GAAP. The word "GAAP" means generally accepted accounting principles.

Grantor. The word "Grantor" means each and all of the persons or entities granting a Security Interest in any Collateral for the Loan, including without limitation all Borrowers granting such a Security Interest.

Guarantor. The word "Guarantor" means any guarantor, surety, or accommodation party of any or all of the Loan.

Guaranty. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Borrower is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Farmers & Merchants Bank of Central California, its successors and assigns.

Loan. The word "Loan" means any and all loans and financial accommodations from Lender to Borrower whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described herein or described on any exhibit or schedule attached to this Agreement from time to time.

Note. The word "Note" means all of the obligations of Borrower in favor of Lender or to its order under all existing promissory notes and that certain promissory note dated JUNE 17, 2026 for the original or maximum principal amount of SIX MILLION TWO HUNDRED THOUSAND AND 00/100 DOLLARS (\$6,200,000.00) executed by Borrower and payable to Lender; and any renewals, extensions, modifications, amendments, or supplements thereto, together with further sums as Borrower or any successor in ownership hereafter may borrow from Lender when evidenced by another note or other instruments, reciting it is so secured, payable to Lender or to its order and made by Borrower or any successor-in-ownership, and all renewals, extensions, modifications, amendments, or supplements thereof.

OCBOA. The term "OCBOA" means Other Comprehensive Basis of Accounting, as designated by Lender in writing as an acceptable alternative to GAAP.

Permitted Liens. The words "Permitted Liens" mean (1) liens and security interests securing Indebtedness owed by Borrower to Lender; (2) liens for taxes, assessments, or similar charges either not yet due or being contested in good faith; (3) liens of materialmen, mechanics, warehousemen, or carriers, or other like liens arising in the ordinary course of business and securing obligations which are not yet delinquent; (4) purchase money liens or purchase money security interests upon or in any property acquired or held by Borrower in the ordinary course of business to secure indebtedness outstanding on the date of this Agreement or permitted to be incurred under the paragraph of this Agreement titled "Indebtedness and Liens"; (5) liens and security interests which, as of the date of this Agreement, have been disclosed to and approved by the Lender in writing; and (6) those liens and security interests which in the aggregate constitute an immaterial and insignificant monetary amount with respect to the net value of Borrower's assets.

Prohibited Activities. The words "Prohibited Activities" mean any activity relating to the use, sale, possession, cultivation, manufacture, storage, distribution, or marketing of cannabis, marijuana, or marijuana-based products which constitutes in any manner a violation of any applicable federal, state, or local law or regulation, regardless of whether applicable conflicting law permits the same.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Loan.

**BUSINESS LOAN AGREEMENT
(Continued)**

Security Agreement. The words "Security Agreement" mean and include without limitation any agreements, promises, covenants, arrangements, understandings or other agreements, whether created by law, contract, or otherwise, evidencing, governing, representing, or creating a Security Interest.

Security Interest. The words "Security Interest" mean, without limitation, any and all types of collateral security, present and future, whether in the form of a lien, charge, encumbrance, mortgage, deed of trust, security deed, assignment, pledge, crop pledge, chattel mortgage, collateral chattel mortgage, chattel trust, factor's lien, equipment trust, conditional sale, trust receipt, lien or title retention contract, lease or consignment intended as a security device, or any other security or lien interest whatsoever whether created by law, contract, or otherwise.

BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS BUSINESS LOAN AGREEMENT AND BORROWER AGREES TO ITS TERMS. THIS BUSINESS LOAN AGREEMENT IS DATED JUNE 17, 2026.

BORROWER:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

LENDER:

FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA

By: RYAN STREETER, First Vice President

ASSIGNMENT OF DEPOSIT ACCOUNT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Grantor: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

THIS ASSIGNMENT OF DEPOSIT ACCOUNT dated June 17, 2026, is made and executed between RECLAMATION DISTRICT NO. 2035 ("Grantor") and Farmers & Merchants Bank of Central California ("Lender").

ASSIGNMENT. For valuable consideration, Grantor assigns and grants to Lender a security interest in the Collateral, including without limitation the deposit account(s) described below, to secure the indebtedness and agrees that Lender shall have the rights stated in this Agreement with respect to the Collateral, in addition to all other rights which Lender may have by law.

COLLATERAL DESCRIPTION. The word "Collateral" means the following described deposit account(s) ("Account"):

Checking Account Number 31-033423-01 with Lender, of which \$300,000.00 shall be held by Lender

together with (A) all interest, whether now accrued or hereafter accruing; (B) all additional deposits hereafter made to the Account; (C) any and all proceeds from the Account; and (D) all renewals, replacements and substitutions for any of the foregoing.

In addition, the word "Collateral" includes all of Grantor's property (however owned if owned by more than one person or entity), in Lender's possession (or in the possession of a third party subject to Lender's control), whether existing now or later and whether tangible or intangible in character, including without limitation each and all of the following:

(A) All property to which Lender acquires title or documents of title.

(B) All property assigned to Lender.

(C) All promissory notes, bills of exchange, stock certificates, bonds, savings passbooks, time certificates of deposit, insurance policies, and all other instruments and evidences of an obligation.

(D) All records relating to any of the property described in this Collateral section, whether in the form of writing, microfilm, microfiche, or electronic media.

GRANTOR'S REPRESENTATIONS AND WARRANTIES WITH RESPECT TO THE COLLATERAL. With respect to the Collateral, Grantor represents and promises to Lender that:

Ownership. Grantor is the lawful owner of the Collateral free and clear of all loans, liens, encumbrances, and claims except as disclosed to and accepted by Lender in writing.

Right to Grant Security Interest. Grantor has the full right, power, and authority to enter into this Agreement and to assign the Collateral to Lender.

No Prior Assignment. Grantor has not previously granted a security interest in the Collateral to any other creditor.

No Further Transfer. Grantor shall not sell, assign, encumber, or otherwise dispose of any of Grantor's rights in the Collateral except as provided in this Agreement.

No Defaults. There are no defaults relating to the Collateral, and there are no offsets or counterclaims to the same. Grantor will strictly and promptly do everything required of Grantor under the terms, conditions, promises, and agreements contained in or relating to the Collateral.

Proceeds. Any and all replacement or renewal certificates, instruments, or other benefits or proceeds related to the Collateral that are received by Grantor shall be held by Grantor in trust for Lender and immediately shall be delivered by Grantor to Lender to be held as part of the Collateral.

Validity; Binding Effect. This Agreement is binding upon Grantor and Grantor's successors and assigns and is legally enforceable in accordance with its terms.

Financing Statements. Grantor authorizes Lender to file a UCC financing statement, or alternatively, a copy of this Agreement to perfect Lender's security interest. At Lender's request, Grantor additionally agrees to sign all other documents that are necessary to perfect, protect, and continue Lender's security interest in the Property. Grantor will pay all filing fees, title transfer fees, and other fees and costs involved unless prohibited by law or unless Lender is required by law to pay such fees and costs. Grantor irrevocably appoints Lender to execute documents necessary to transfer title if there is a default. Lender may file a copy of this Agreement as a financing statement.

LENDER'S RIGHTS AND OBLIGATIONS WITH RESPECT TO THE COLLATERAL. While this Agreement is in effect, Lender may retain the rights to possession of the Collateral, together with any and all evidence of the Collateral, such as certificates or passbooks. This Agreement will remain in effect until (a) there no longer is any indebtedness owing to Lender; (b) all other obligations secured by this Agreement have been fulfilled; and (c) Grantor, in writing, has requested from Lender a release of this Agreement.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Collateral or if Grantor fails to comply with any provision of this Agreement or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Agreement or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Collateral and paying all costs for insuring, maintaining and preserving the Collateral. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the Indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Agreement also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon the

ASSIGNMENT OF DEPOSIT ACCOUNT (Continued)

Loan No: 31-033407-30

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occurrence of any Event of Default.

LIMITATIONS ON OBLIGATIONS OF LENDER. Lender shall use ordinary reasonable care in the physical preservation and custody of any certificate or passbook for the Collateral but shall have no other obligation to protect the Collateral or its value. In particular, but without limitation, Lender shall have no responsibility (A) for the collection or protection of any income on the Collateral; (B) for the preservation of rights against issuers of the Collateral or against third persons; (C) for ascertaining any maturities, conversions, exchanges, offers, tenders, or similar matters relating to the Collateral; nor (D) for informing the Grantor about any of the above, whether or not Lender has or is deemed to have knowledge of such matters.

DEFAULT. Each of the following shall constitute an Event of Default under this Agreement:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

Default in Favor of Third Parties. Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Grantor's property or ability to perform Grantor's obligations under this Agreement or any of the Related Documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Agreement or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Agreement or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any collateral securing the Indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the Indebtedness is impaired.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the Indebtedness or guarantor, endorser, surety, or accommodation party dies or becomes incompetent or revokes or disputes the validity of, or liability under, any Guaranty of the Indebtedness.

Cure Provisions. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Agreement within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, or at any time thereafter, Lender may exercise any one or more of the following rights and remedies, in addition to any rights or remedies that may be available at law, in equity, or otherwise:

Accelerate Indebtedness. Lender may declare all Indebtedness of Grantor to Lender immediately due and payable, without notice of any kind to Grantor.

Application of Account Proceeds. Lender may take directly all funds in the Account and apply them to the Indebtedness. If the Account is subject to an early withdrawal penalty, that penalty shall be deducted from the Account before its application to the Indebtedness, whether the Account is with Lender or some other institution. Any excess funds remaining after application of the Account proceeds to the Indebtedness will be paid to Grantor as the interests of Grantor may appear. Grantor agrees, to the extent permitted by law, to pay any deficiency after application of the proceeds of the Account to the Indebtedness. Lender also shall have all the rights of a secured party under the California Uniform Commercial Code, even if the Account is not otherwise subject to such Code concerning security interests, and the parties to this Agreement agree that the provisions of the Code giving rights to a secured party shall nonetheless be a part of this Agreement.

Transfer Title. Lender may effect transfer of title upon sale of all or part of the Collateral. For this purpose, Grantor irrevocably appoints Lender as Grantor's attorney-in-fact to execute endorsements, assignments and instruments in the name of Grantor and each of them (if more than one) as shall be necessary or reasonable.

Other Rights and Remedies. Lender shall have and may exercise any or all of the rights and remedies of a secured creditor under the provisions of the California Uniform Commercial Code, at law, in equity, or otherwise.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the Indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Election of Remedies. Except as may be prohibited by applicable law, all of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies.

Cumulative Remedies. All of Lender's rights and remedies, whether evidenced by this Agreement or by any other writing, shall be cumulative and may be exercised singularly or concurrently. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Agreement, after Grantor's failure to perform, shall not affect Lender's right to declare a default and to exercise its remedies.

ASSIGNMENT OF DEPOSIT ACCOUNT (Continued)

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PARTNERSHIP GRANTOR. If Grantor is a partnership, each of the general partners of Grantor will be jointly and severally liable with Grantor for Grantor's obligations under this Agreement, and Lender may enforce any monetary judgment obtained in an action related to this Agreement directly against the assets of any one or more of Grantor's general partners without proceeding against the assets of Grantor or of any of Grantor's other general partners.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Agreement:

Amendments. This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Attorneys' Fees; Expenses. Grantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Agreement. Lender may hire or pay someone else to help enforce this Agreement, and Grantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Grantor also shall pay all court costs and such additional fees as may be directed by the court.

Caption Headings. Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of this Agreement.

Governing Law. This Agreement will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of California without regard to its conflicts of law provisions. This Agreement has been accepted by Lender in the State of California.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of San Joaquin County, State of California.

Preference Payments. Any monies Lender pays because of an asserted preference claim in Grantor's bankruptcy will become a part of the Indebtedness and, at Lender's option, shall be payable by Grantor as provided in this Agreement.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Agreement unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Agreement shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Agreement. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Agreement, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Notices. Any notice required to be given under this Agreement shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

Power of Attorney. Grantor hereby appoints Lender as its true and lawful attorney-in-fact, irrevocably, with full power of substitution to do the following: (1) to demand, collect, receive, receipt for, sue and recover all sums of money or other property which may now or hereafter become due, owing or payable from the Collateral; (2) to execute, sign and endorse any and all claims, instruments, receipts, checks, drafts or warrants issued in payment for the Collateral; (3) to settle or compromise any and all claims arising under the Collateral, and in the place and stead of Grantor, to execute and deliver its release and settlement for the claim; and (4) to file any claim or claims or to take any action or institute or take part in any proceedings, either in its own name or in the name of Grantor, or otherwise, which in the discretion of Lender may seem to be necessary or advisable. This power is given as security for the Indebtedness, and the authority hereby conferred is and shall be irrevocable and shall remain in full force and effect until renounced by Lender.

Waiver of Co-Obligor's Rights. If more than one person is obligated for the Indebtedness, Grantor irrevocably waives, disclaims and relinquishes all claims against such other person which Grantor has or would otherwise have by virtue of payment of the Indebtedness or any part thereof, specifically including but not limited to all rights of indemnity, contribution or exoneration.

Severability. If a court of competent jurisdiction finds any provision of this Agreement to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so modified, it shall be considered deleted from this Agreement. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Agreement shall not affect the legality, validity or enforceability of any other provision of this Agreement.

Successors and Assigns. Subject to any limitations stated in this Agreement on transfer of Grantor's interest, this Agreement shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Collateral becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Agreement and the Indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Agreement or liability under the Indebtedness.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Agreement shall survive the execution and delivery of this Agreement, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

Time is of the Essence. Time is of the essence in the performance of this Agreement.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Agreement. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Agreement shall have the meanings attributed to such terms in the Uniform Commercial Code:

Account. The word "Account" means the deposit account(s) described in the "Collateral Description" section.

Agreement. The word "Agreement" means this Assignment of Deposit Account, as this Assignment of Deposit Account may be amended

**ASSIGNMENT OF DEPOSIT ACCOUNT
(Continued)**

Loan No: 31-033407-30

Page 4

or modified from time to time, together with all exhibits and schedules attached to this Assignment of Deposit Account from time to time.

Borrower. The word "Borrower" means RECLAMATION DISTRICT NO. 2035 and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Collateral. The word "Collateral" means all of Grantor's right, title and interest in and to all the Collateral as described in the Collateral Description section of this Agreement.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Agreement in the default section of this Agreement.

Grantor. The word "Grantor" means RECLAMATION DISTRICT NO. 2035.

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Indebtedness. The word "Indebtedness" means the indebtedness evidenced by the Note or Related Documents, including all principal and interest together with all other indebtedness and costs and expenses for which Grantor is responsible under this Agreement or under any of the Related Documents.

Lender. The word "Lender" means Farmers & Merchants Bank of Central California, its successors and assigns.

Note. The word "Note" means all of the obligations of Borrower in favor of Lender or to its order under all existing promissory notes and that certain promissory note dated JUNE 17, 2026 for the original or maximum principal amount of SIX MILLION TWO HUNDRED THOUSAND AND 00/100 DOLLARS (\$6,200,000.00) executed by Borrower and payable to Lender; and any renewals, extensions, modifications, amendments, or supplements thereto, together with further sums as Borrower or any successor in ownership hereafter may borrow from Lender when evidenced by another note or other instruments, reciting it is so secured, payable to Lender or to its order and made by Borrower or any successor-in-ownership, and all renewals, extensions, modifications, amendments, or supplements thereof.

Property. The word "Property" means all of Grantor's right, title and interest in and to all the Property as described in the "Collateral Description" section of this Agreement.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

GRANTOR HAS READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS ASSIGNMENT OF DEPOSIT ACCOUNT AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JUNE 17, 2026.

GRANTOR:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

LOAN TYPE. This is a Variable Rate Nondisclosable Loan to a Government Entity for \$6,200,000.00 due on July 15, 2041.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- ☐ Personal, Family, or Household Purposes or Personal Investment.
- ☒ Business (Including Real Estate Investment).

SPECIFIC PURPOSE. The specific purpose of this loan is: TO ASSIST IN THE RESTORATION OF A PUMP/DRAINAGE SYSTEM FOR FLOOD CONTROL.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$6,200,000.00 as follows:

Amount paid to Borrower directly:	\$2,758,950.00
\$300,000.00 Deposited to Checking Account # 31-033423-01	
\$2,458,950.00 Deposited to Checking Account # 31-033407-01	
Amount paid to others on Borrower's behalf:	\$3,400,000.00
\$3,400,000.00 to Wire to Conaway Preservation Group LLC	
Total Financed Prepaid Finance Charges:	\$41,050.00
\$40,300.00 Loan Fees	
\$750.00 Loan Processing Fee	

Note Principal: \$6,200,000.00

AUTOMATIC PAYMENTS. Borrower hereby authorizes Lender automatically to deduct from Borrower's Checking account, numbered 31-033407-01, the amount of any loan payment. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, Borrower or Lender may voluntarily terminate Automatic Payments.

AUTOMATIC PAYMENT TRANSFERS. If you are set up for automatic payments from a deposit account and your due date falls on a Saturday, Sunday, or holiday, the payment will be transferred from your deposit account on the prior business day. Due to variations in the last payment amount, the last payment will not be made via automatic transfer. Borrower will need to make the final payment, due at maturity, manually.

SOCIAL SECURITY NUMBER OR TAXPAYER IDENTIFICATION NUMBER. By signing below I hereby certify that the Social Security Number or Taxpayer Identification Number as provided by me is true and correct.

VERIFICATION OF WIRE INSTRUCTIONS. Wire instruction(s) have been verified verbally with recipient of funds. No e-mail is accepted:

Signed by: _____
Name: _____
Title: _____

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED JUNE 17, 2026.

**DISBURSEMENT REQUEST AND AUTHORIZATION
(Continued)**

BORROWER:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

BUSINESS LOAN APPLICATION

[illegible]

BUSINESS LOAN APPLICATION

Has the business, you or any other officer of your company ever been involved in bankruptcy or insolvency proceedings?	No
Is the business an endorser, guarantor, or co-maker for obligations not listed in its financial statements?	No
Are any assets pledged or mortgaged other than as stated on business and/or personal financial statements?	No
Is the business a party to any claims or lawsuits, whether past or present?	No
Does the business owe any taxes for years prior to the current year?	No
Do any of the proposed guarantors have a trust (revocable or irrevocable)?	No

Please provide an explanation, if you have answered 'yes' to any of the above questions.

AUTHORIZATION TO RELEASE INFORMATION

By signing below I/We certify that the information provided on and with this form or hereafter by us on our behalf, is true, correct, and complete and that I/We are authorized to execute this form on behalf of the Applicant/Guarantors. Applicant/Guarantor authorizes F&M Bank ("Bank") to obtain credit reports, and to release credit information to others (including, without limitation, companies affiliated with Bank) regarding Applicant/Guarantor, from time to time. Applicant/Guarantor also authorizes Bank to obtain copies of its tax returns and information from the IRS and taxing authorities, and agrees to execute whatever forms Bank requests to obtain such information.

Verbal Approval for Applicants only (Guarantor authorization must be in writing.): This certification confirms _____ Ryan Streeter (employee)
obtained verbal permission to pull credit prior to accessing credit information from _____ N/A _____
_____, _____ and
_____, _____ for the purpose of determining qualifications for a loan. RS (employee initial)

NOTICE: U.S. Federal law requires financial institutions to obtain, verify, and record information that identifies each person (individuals or businesses) who open an account. What this means to you: when you open an account or add any additional service, we will ask you for your name, address, and taxpayer identification number that will allow us to identify you. We may also ask to see other identifying documents.

BUSINESS LOAN APPLICATION

REQUIRED SIGNER: Corporations - The persons named in the corporate documents. **Partnerships** - all General partners. **Sole Proprietors** - the Owner (if married you may apply for a separate account). **Limited Liability Company or Limited Liability Partnership** - All Members or Manager(s). **Trust** - all Trustees. **PLEASE INCLUDE ALL GUARANTORS.**

Number of Signers

2

Name of Signer: Kyriakos Tsakopoulos Title: President Signature: _____ Date: 9/12/2025

Name of Signer: Jesse Clark Title: General Mngr. Signature: _____ Date: 9/12/2025

GUARANTORS Number of Guarantors 0

Please visit fmbonline.com/CCPA-Notice-At-Collection for information about how we collect, use, and retain personal information.

F&M BANK

FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA

REQUEST TO ADD A LOAN TO ONLINE BANKING

CUSTOMER INFORMATION

Customer Name: _____

Online Banking ID: _____

Account Number: _____

Loan Type: ☐ Consumer ☐ Commercial/Agricultural ☐ Other

ACCOUNT ACCESS

Add Loan Account to Online Banking or Online Banking for Business for all Users?

☐ Yes Select Feature(s): ☐ Balances ☐ Transfers ☐ Advances

Authorized Signature: _____

☐ No Complete Individual User Access section below

User Name:		☐ Balances	☐ Transfers	☐ Advances*
User Name:		☐ Balances	☐ Transfers	☐ Advances*
User Name:		☐ Balances	☐ Transfers	☐ Advances*
User Name:		☐ Balances	☐ Transfers	☐ Advances*
User Name:		☐ Balances	☐ Transfers	☐ Advances*

CUSTOMER AUTHORIZATION

By signing below, I am requesting the Loan(s) referenced above be linked to my existing Online Banking or Online Banking for Business profile. As such, the User(s) listed above will have access to the Loan(s) and is authorized to conduct transaction(s) to or from the linked account(s) utilizing the requested features. *Furthermore, I understand that Bank approval may be required prior to the Advances feature being activated and all subsequent Loan Advances are subject to internal review and monitoring, and access to the feature may be withdrawn at any point, with or without notice.

Jesse → Authorized Signature: _____ Date: _____

Authorized Signature: _____ Date: _____

BRANCH, CREDIT ADMINISTRATION, & CENTRAL OPERATIONS DEPARTMENT USE ONLY

Accepted By: _____ Date: _____ Employee #: _____ Branch #: _____ Signature Verified By: _____

Loan Advance Approval Request Reviewed By: _____ Approved By: _____ Date: _____

Date Received: _____ Processed By: _____ Verified By: _____

GOVERNMENTAL CERTIFICATE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Entity: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

WE, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE ENTITY'S EXISTENCE. The complete and correct name of the governmental entity is RECLAMATION DISTRICT NO. 2035 ("Entity"). The Entity is a governmental entity which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws and regulations of the State of California. The Entity has the full power and authority to own its properties and to transact the business and activities in which it is presently engaged or presently proposes to engage. The Entity maintains an office at 45332 COUNTY ROAD 25, WOODLAND, CA 95776. The Entity shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of the Entity and any other governmental or quasi-governmental authority or court applicable to the Entity and the Entity's business activities.

CERTIFICATES ADOPTED. At a meeting of the appropriate governing body of the Entity, duly called and held on **June 17, 2026**, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Certificate were adopted.

OFFICIALS. The following named persons is an Officials of RECLAMATION DISTRICT NO. 2035:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
KYRIAKOS TSAKOPOULOS	Board President	Y X	_____
JESSE CLARK	District General Manager	Y X	_____

ACTIONS AUTHORIZED. Any two (2) of the authorized persons listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Entity. Specifically, but without limitation, any two (2) of such authorized persons is authorized, empowered, and directed to do the following for and on behalf of the Entity:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Entity and Lender, such sum or sums of money as in their judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Entity's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Entity's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Entity or in which the Entity now or hereafter may have an interest, including without limitation all of the Entity's real property and all of the Entity's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Entity to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances. Notwithstanding the foregoing, any one of the above authorized persons may execute, deliver, or record financing statements.

Subordination. To subordinate, in all respects, any and all present and future indebtedness, obligations, liabilities, claims, rights, and demands of any kind which may be owed, now or hereafter, from any person or entity to the Entity to all present and future indebtedness, obligations, liabilities, claims, rights, and demands of any kind which may be owed, now or hereafter, from such person or entity to Lender ("Subordinated Indebtedness"), together with subordination by the Entity of any and all security interests of any kind, whether now existing or hereafter acquired, securing payment or performance of the Subordinated Indebtedness; all on such subordination terms as may be agreed upon between the Entity's Officials and Lender and in such amounts as in their judgment should be subordinated.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Entity or in which the Entity may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Entity's account with Lender, or to cause such other disposition of the proceeds derived therefrom as they may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements as the Officials may in their discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Certificate.

ASSUMED BUSINESS NAMES. The Entity has filed or recorded all documents or filings required by law relating to all assumed business names used by the Entity. Excluding the name of the Entity, the following is a complete list of all assumed business names under which the Entity does business: **None.**

**GOVERNMENTAL CERTIFICATE
(Continued)**

Loan No: 31-033407-30

Page 2

NOTICES TO LENDER. The Entity will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Entity's name; (B) change in the Entity's assumed business name(s); (C) change in the structure of the Entity; (D) change in the authorized signer(s); (E) change in the Entity's principal office address; (F) change in the Entity's principal residence; or (G) change in any other aspect of the Entity that directly or indirectly relates to any agreements between the Entity and Lender.

CERTIFICATION CONCERNING OFFICIALS AND CERTIFICATES. The Officials named above is duly elected, appointed, or employed by or for the Entity, as the case may be, and occupy the positions set opposite their respective names. This Certificate now stands of record on the books of the Entity, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Certificate and performed prior to the passage of this Certificate are hereby ratified and approved. This Certificate shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to and received by Lender at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Entity's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, we have hereunto set our hand and attest that the signatures set opposite the names listed above is their genuine signatures.

We each have read all the provisions of this Certificate, and we each personally and on behalf of the Entity certify that all statements and representations made in this Certificate are true and correct. This Governmental Certificate is dated June 17, 2026.

CERTIFIED TO AND ATTESTED BY:

X
KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

X
JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

NOTE: If the Officials signing this Certificate is designated by the foregoing document as one of the officials authorized to act on the Entity's behalf, it is advisable to have this Certificate signed by at least one non-authorized official of the Entity.

AGREEMENT TO PROVIDE INSURANCE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Grantor: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

INSURANCE REQUIREMENTS. Grantor, RECLAMATION DISTRICT NO. 2035 ("Grantor"), understands that insurance coverage is required in connection with the extending of a loan or the providing of other financial accommodations to Grantor by Lender. These requirements are set forth in the security documents for the loan. The following minimum insurance coverages must be provided on the following described collateral (the "Collateral"):

Collateral: All Inventory and Equipment.

Type: All risks, including fire, theft and liability.

Amount: Full Insurable Value.

Basis: Replacement value.

Endorsements: 49A-LOSS PAYABLE ENDORSEMENT OR ITS EQUIVALENT; and further stipulating that coverage will not be cancelled or diminished without a minimum of 10 days prior written notice to Lender.

Comments:

In addition to the insurance coverage described above and in the Loan Agreement, Borrower shall provide Lender with evidence of the following insurance coverage:

(a) Borrower shall have provided comprehensive liability insurance naming Lender as an additional insured, in the amount of One Million and No/100 Dollars (\$1,000,000.00) on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death or property damage liability, with an "aggregate" limit of not less than Two Million and No/100 Dollars (\$2,000,000.00). Such insurance shall be primary and noncontributory with any other insurance carried by Lender.

All insurance policies shall be issued by an insurance company with an AM Best's Insurance Guide rating of at least B+ (or equivalent using one of the major companies that provide an independent opinion of an insurer's financial strength), and duly qualified and authorized to do such business in the State of California and approved by Lender.

Deductibles: \$10,000.00.

Latest Delivery Date: By the loan funding date. If this date is after the effective date listed in the failure to provide insurance provision below, the loan funding date, or earlier, will be the required effective date.

INSURANCE COMPANY. Grantor may obtain insurance from any insurance company Grantor may choose that is reasonably acceptable to Lender. Grantor understands that credit may not be denied solely because insurance was not purchased through Lender.

INSURANCE MAILING ADDRESS. All documents and other materials relating to insurance for this loan should be mailed, delivered or directed to the following address:

FARMERS & MERCHANTS BANK OF CENTRAL CA
116 W. PINE STREET
P.O. BOX 3000
LODI, CA 95241

FAILURE TO PROVIDE INSURANCE. Grantor agrees to deliver to Lender, on the latest delivery date stated above, proof of the required insurance as provided above, with an effective date of June 17, 2026, or earlier. Grantor acknowledges and agrees that if Grantor fails to provide any required insurance or fails to continue such insurance in force, Lender may do so at Grantor's expense as provided in the applicable security document. The cost of any such insurance, at the option of Lender, shall be added to the indebtedness as provided in the security document. GRANTOR ACKNOWLEDGES THAT IF LENDER SO PURCHASES ANY SUCH INSURANCE, THE INSURANCE WILL PROVIDE LIMITED PROTECTION AGAINST PHYSICAL DAMAGE TO THE COLLATERAL, UP TO AN AMOUNT EQUAL TO THE LESSER OF (1) THE UNPAID BALANCE OF THE DEBT, EXCLUDING ANY UNEARNED FINANCE CHARGES, OR (2) THE VALUE OF THE COLLATERAL; HOWEVER, GRANTOR'S EQUITY IN THE COLLATERAL MAY NOT BE INSURED. IN ADDITION, THE INSURANCE MAY NOT PROVIDE ANY PUBLIC LIABILITY OR PROPERTY DAMAGE INDEMNIFICATION AND MAY NOT MEET THE REQUIREMENTS OF ANY FINANCIAL RESPONSIBILITY LAWS.

AUTHORIZATION. For purposes of insurance coverage on the Collateral, Grantor authorizes Lender to provide to any person (including any insurance agent or company) all information Lender deems appropriate, whether regarding the Collateral, the loan or other financial accommodations, or both.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT TO PROVIDE INSURANCE AND AGREES TO ITS TERMS. THIS AGREEMENT IS DATED JUNE 17, 2026.

GRANTOR:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

**AGREEMENT TO PROVIDE INSURANCE
(Continued)**

FOR LENDER USE ONLY INSURANCE VERIFICATION		
DATE: _____		PHONE _____
AGENT'S NAME: _____		
AGENCY: _____		
ADDRESS: _____		
INSURANCE COMPANY: _____		
POLICY NUMBER: _____		
EFFECTIVE DATES: _____		
COMMENTS: _____		

NOTICE OF INSURANCE REQUIREMENTS

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
	06-17-2026		31-033407-30	4	RAB1351	1052	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Grantor: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

TO: ATTN: Insurance Agent

DATE: June 17, 2026

RE: Policy Number(s):
Insurance Companies/Company:

Dear Insurance Agent:

Grantor, RECLAMATION DISTRICT NO. 2035 ("Grantor") is obtaining a loan from Farmers & Merchants Bank of Central California. Please send appropriate evidence of insurance to Farmers & Merchants Bank of Central California, together with the requested endorsements, on the following property, which Grantor is giving as security for the loan.

Collateral: All Inventory and Equipment.
Type: All risks, including fire, theft and liability.
Amount: Full Insurable Value.
Basis: Replacement value.
Endorsements: 49A-LOSS PAYABLE ENDORSEMENT OR ITS EQUIVALENT; and further stipulating that coverage will not be cancelled or diminished without a minimum of 10 days prior written notice to Lender.
Comments:

In addition to the insurance coverage described above and in the Loan Agreement, Borrower shall provide Lender with evidence of the following insurance coverage:

(a) Borrower shall have provided comprehensive liability insurance naming Lender as an additional insured, in the amount of One Million and No/100 Dollars (\$1,000,000.00) on an "occurrence" basis against claims for "personal injury" liability, including bodily injury, death or property damage liability, with an "aggregate" limit of not less than Two Million and No/100 Dollars (\$2,000,000.00). Such insurance shall be primary and noncontributory with any other insurance carried by Lender.

All insurance policies shall be issued by an insurance company with an AM Best's Insurance Guide rating of at least B+ (or equivalent using one of the major companies that provide an independent opinion of an insurer's financial strength), and duly qualified and authorized to do such business in the State of California and approved by Lender.

Deductibles: \$10,000.00.

Latest Delivery Date: By the loan funding date. If this date is after the effective date listed in the failure to provide insurance provision below, the loan funding date, or earlier, will be the required effective date.

GRANTOR:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of
RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of
RECLAMATION DISTRICT NO. 2035

RETURN TO:

FARMERS & MERCHANTS BANK OF CENTRAL CA
116 W. PINE STREET
P.O. BOX 3000
LODI, CA 95241

CUSTOMER VERIFICATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$6,200,000.00	06-17-2026	07-15-2041	31-033407-30	4	RAB1351	1052	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "*****" has been omitted due to text length limitations.

Borrower: RECLAMATION DISTRICT NO. 2035
1296 EAST GIBSON ROAD, SUITE A-361
WOODLAND, CA 95776

Lender: Farmers & Merchants Bank of Central California
Loan Center
116 West Pine Street
P. O. Box 3000
Lodi, CA 95241-1902
(800) 888-1498

This CUSTOMER VERIFICATION is attached to and by this reference is made a part of the Disbursement Request and Authorization, dated June 17, 2026, and executed in connection with a loan or other financial accommodations between FARMERS & MERCHANTS BANK OF CENTRAL CALIFORNIA and RECLAMATION DISTRICT NO. 2035.

New Account Identification. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means to you: When you open an account, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

The below information is to be verified by an F&M Bank employee or verifying agent:

Borrower/Authorized Signer Full Name: Kyriakos Yanno Tsakopoulos
Physical Address: 5309 Retreat Way Sacramento CA 95606
Identification Type: D/L Identification Number: C6520249
Identification State of Issuance: CA Date of Issuance: 10/26/2022
Identification Expiration Date: 11/24/2028 Date of Birth: 11/24/1969

Borrower/Authorized Signer Full Name: Jesse Clark
Physical Address: 21841 County Rd 103, Woodland CA 95776
Identification Type: D/L Identification Number: DS172474
Identification State of Issuance: CA Date of Issuance: 12/26/2024
Identification Expiration Date: 1/12/2029 Date of Birth: 1/12/1994

I certify that all of the above identifying information was personally verified by me through visual inspection of US government issued identification.

Verifying Representative Name: Ryan Street Date: 6/18/2026
Verifying Representative Signature: [Signature]

THIS CUSTOMER VERIFICATION IS EXECUTED ON JUNE 17, 2026.

BORROWER:

RECLAMATION DISTRICT NO. 2035

By: KYRIAKOS TSAKOPOULOS, Board President of RECLAMATION DISTRICT NO. 2035

By: JESSE CLARK, District General Manager of RECLAMATION DISTRICT NO. 2035