UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Newlands Project, Nevada

CONTRACT BETWEEN THE UNITED STATES OF AMERICA
AND
TRUCKEE-CARSON IRRIGATION DISTRICT
FOR THE REPAYMENT OF PRE-CONSTRUCTION ACTIVITY COSTS
ASSOCIATED WITH EXTRAORDINARY MAINTENANCE ON THE TRUCKEE CANAL

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Exhibit A – Pre-Construction Activities To Be Completed By Reclamation
Exhibit B – Payment Schedule
CONTRACT BETWEEN THE UNITED STATES OF AMERICA

AND

TRUCKEE-CARSON IRRIGATION DISTRICT

FOR THE REPAYMENT OF PRE-CONSTRUCTION ACTIVITY COSTS

ASSOCIATED WITH EXTRAORDINARY

MAINTENANCE ON THE TRUCKEE CANAL

THIS CONTRACT made this ___ day of _____________, 20_____, pursuant to the Reclamation Act of June 17, 1902 (32 Stat. 388), and acts amendatory and supplementary thereto, including but not limited to Section 9603 of the Omnibus Public Land Management Act of March 30, 2009 (Pub. L. 111-11, 123 State. 1348, 43 U.S.C. §510b), all collectively hereinafter referred to as Federal Reclamation law, between THE UNITED STATES OF AMERICA, hereinafter referred to as the United States, and TRUCKEE-CARSON IRRIGATION DISTRICT, hereinafter referred to as the District, a political subdivision of the State of Nevada, duly organized, existing, and acting pursuant to the laws of the State of Nevada; WITNESSETH, That:

EXPLANATORY RECITALS

[1st] WHEREAS, the United States has constructed and is operating the Newlands Project in the State of Nevada for the purpose of furnishing water for irrigation and other beneficial uses to lands within the Newlands Project’s service area; and

[2nd] WHEREAS, the United States and the District executed Contract No. 7-07-20-X0348, dated November 25, 1996, as amended, which transferred the responsibility
for Operation and Maintenance of the Newlands Project, including the Truckee Canal, to the
District; and

[3rd] WHEREAS, the Bureau of Reclamation, hereinafter referred to as Reclamation,
in consultation with the District, has determined the need to perform Extraordinary Maintenance
(XM) on the Truckee Canal, including certain Pre-Construction Activities that are required to be
completed prior to initiating the actual XM construction activities on the Truckee Canal; and

[4th] WHEREAS, pursuant to Section 9603 of Public Law 111-11, the Secretary of the
Interior, acting through Reclamation, is authorized to advance the costs incurred by the District
in conducting XM and to negotiate an appropriate contract for the return of reimbursable costs,
with interest; and

[5th] WHEREAS, Reclamation has a requirement that the District must expend at least
75% of the contractually required emergency reserve fund balance and the District has remitted
$30,000 to satisfy this requirement; and

[6th] WHEREAS, Reclamation has made available $5,000,000 of non-reimbursable
funds from the Desert Terminal Lakes Program pursuant to Public Law 113-79, Section 2507, to
offset a portion of the Pre-Construction Activity Costs, resulting in a reduction of the amount to
be reimbursed by the District pursuant to the Contract; and

[7th] WHEREAS, Reclamation law may allow for deferment of payment under the Act
of September 21, 1959 (73 Stat. 584) in accordance with Reclamation policy;

NOW, THEREFORE, in consideration of the mutual and dependent covenants herein
contained, the parties mutually agree as follows:
DEFINITIONS

1. When used herein, unless otherwise distinctly expressed or manifestly incompatible with the intent hereof, the term:

   (a) “Contracting Officer” shall mean the Secretary of the Interior’s duly authorized representative acting pursuant to this Contract or applicable Federal Reclamation law or regulation.

   (b) “Existing Contract” shall mean Contract No. 7-07-20-X0348 executed on November 25, 1996, as amended and supplemented, between the United States and the District.

   (c) “Extraordinary Maintenance” or “XM” shall mean major, nonrecurring maintenance on the Truckee Canal that is intended to ensure the continued safe, dependable, and reliable delivery of authorized project benefits of the Newlands Project and is greater than ten (10) percent of the District’s annual operation and maintenance budget for the Truckee Canal and greater than $100,000.

   (d) “Fiscal Year” shall mean the period October 1 through September 30 of the following year.

   (e) “Pre-Construction Activities” small mean those activities, which are provided in Article 3 and Exhibit “A”, that must be completed by Reclamation prior to proceeding with the XM on the Truckee Canal.

   (f) “Pre-Construction Activity Costs” shall mean the actual cost incurred for Pre-Construction Activities, including all related incidental costs and associated overhead.

   (g) “Project” shall mean the Newlands Project located in Nevada.
TERM OF THE CONTRACT

2. This Contract shall become effective on the date first written above and shall remain in effect until the District has fully repaid to the United States its repayment obligation as described in Article 4 of this Contract.

PRE-CONSTRUCTION ACTIVITIES TO BE COMPLETED BY RECLAMATION

3. Reclamation will perform the following Pre-Construction Activities which include, but are not necessarily limited to, the following:

(1) Pre-Construction Repayment Contract
(2) Risk Assessment
(3) National Environmental Policy Act Compliance
(4) Corrective Action Study
(5) Feasibility Study
(6) Final Design

The tasks to be completed and the estimated funds to be expended by Reclamation are also listed in Exhibit “A”. The Contracting Officer, upon consultation with the District, may update the tasks and estimated costs listed in Exhibit “A” without amendment to this Contract.

DISTRICT’S REPAYMENT OBLIGATION

4. (a) The District shall be obligated to repay the entire sum of funds expended by Reclamation to perform Pre-Construction Activities as provided in Article 3, plus accrued interest, as determined pursuant to Article 4(b) herein, less $30,000 and $5,000,000 as described in 5th and 6th WHEREAS clauses respectively, which total is hereinafter referred to as the Repayment Obligation.
(b) The interest rate used for computing interest on federal funds applied towards Pre-Construction Activity Costs shall be the Department of the Treasury rate as of the beginning of the Fiscal Year in which Pre-Construction Activities are commenced, on the basis of average market yields on outstanding marketable obligations of the United States with the remaining periods of maturity comparable to the applicable reimbursement period of the project, adjusted to the nearest 1/8 of 1 percent on unamortized balance of any portion of the Repayment Obligation. Interest accrual shall commence on each date federal funds are incurred towards Pre-Construction Activity Costs and be computed on an annual basis on the unpaid balance of the reimbursable costs of XM work, as determined by the Contracting Officer.

(c) Upon completion of all Pre-Construction Activities, or upon written mutual consent of the parties, the Contracting Officer shall notify the District in writing of the Repayment Obligation and shall provide the District with a repayment schedule requiring equal annual installments over the period provided in Article 4(d) herein, which schedule shall be incorporated into this Contract as Exhibit “B”, which may be updated by the Contracting Officer without further amendment hereof.

(d) The District shall repay the total Repayment Obligation over a period of eight (8) years from the date on which the Contracting Officer determines that the Pre-Construction Activities are complete.

(e) The District may, at any time, prepay all or any portion of the unpaid Repayment Obligation as provided herein without penalty, notwithstanding any interest accrued.

PRESERVATION OF EXISTING CONTRACT

5. Except as specifically provided herein, the Existing Contract shall continue in full force and effect as originally written, executed, and amended.
6. Reclamation shall afford the District with a reasonable opportunity to review and comment on reports, drawings or other work products prepared in connection with Pre-Construction Activities. The District shall provide a copy of their comments to the Contracting Officer within thirty (30) days from the date that Reclamation provides the work products to the District for their review.

REPORTING

7. Following the execution of this Contract and until the completion of the Pre-Construction Activities, Reclamation will provide the District with a semi-annual report each June 30 and December 31 that identifies Pre-Construction Activity Costs to date, interest accrued to date, and an estimated date as to when the Pre-Construction Activities will be completed.

SEVERABILITY

8. In the event that a final judicial decision is entered by a court of competent jurisdiction holding that a provision in this Contract is legally invalid or unenforceable, the parties to this Contract shall use their best efforts to: (i) within thirty days of the date of such final court decision identify by mutual agreement the provisions in this Contract which are affected by the court decision; and (ii) within three months thereafter promptly agree on the appropriate revision(s) to the Contract. The time periods specified above may be extended by mutual agreement of the parties. Pending the completion of the actions designated above, to the extent they can do so without violating any applicable provisions of law, the parties shall continue to perform pursuant to the provisions of this Contract which were not found to be legally invalid or unenforceable in the final court decision.
TITILE TO REMAIN IN THE UNITED STATES

9. Title to products, whether draft or final, and all documents and electronic files and related materials related to the Pre-Construction Activities performed under this Contract by Reclamation shall be and remain in the name of the United States unless otherwise provided by Congress, notwithstanding the full payment to the United States of District’s repayment obligations under this Contract.

CHARGES FOR DELINQUENT PAYMENTS

10. (a) The District shall be subject to interest, administrative, and penalty charges on delinquent payments. If a payment is not received by the due date, the District shall pay an interest charge on the delinquent payment for each day the payment is delinquent beyond the due date. If a payment becomes 60 days delinquent, the District shall pay, in addition to the interest charge, an administrative charge to cover additional costs of billing and processing the delinquent payment. If a payment is delinquent 90 days or more, the District shall pay, in addition to the interest and administrative charges, a penalty charge for each day the payment is delinquent beyond the due date, based on the remaining balance of the payment due at the rate of 6 percent per year. The District shall also pay any fees incurred for debt collection services associated with a delinquent payment.

(b) The interest rate charged shall be the greater of either the rate prescribed quarterly in the Federal Register by the Department of the Treasury for application to overdue payments, or the interest rate of 0.5 percent per month. The interest rate charged will be determined as of the due date and remain fixed for the duration of the delinquent period.

(c) When a partial payment on a delinquent account is received, the amount received shall be applied first to the penalty charges, second to the administrative charges, third to the accrued interest, and finally to the overdue payment.

GENERAL OBLIGATION—BENEFITS CONDITIONED UPON PAYMENT

11. (a) The obligation of the District to pay the United States as provided in this Contract is a general obligation of the District notwithstanding the manner in which the obligation may be distributed among the District's water users and notwithstanding the default of individual water users in their obligations to the District.

(b) The payment of charges becoming due pursuant to this Contract is a condition precedent to receiving benefits under this Contract.
CONFIRMATION OF CONTRACT

12. Promptly after the execution of this Contract, the District shall provide evidence to the Contracting Officer that, pursuant to the laws of the State of Nevada, the District is a legally constituted entity and the Contract is lawful, valid, and binding on the District. This Contract shall not be binding on the United States until such evidence has been provided to the Contracting Officer’s satisfaction.

NOTICES

13. Any notice, demand, or request authorized or required by this Contract shall be deemed to have been given, on behalf of the District, when mailed, postage prepaid, or delivered to the Area Manager, Lahontan Basin Area Office, 705 North Plaza Street, Carson City, Nevada 89701, and on behalf of the United States, when mailed, postage prepaid, or delivered to the Board of Directors, Truckee-Carson Irrigation District, Post Office Box 1356, Fallon, Nevada 89407-1356. The designation of the addressee or the address may be changed by notice given in the same manner as provided in this Article for other notices.

CONTINGENT ON APPROPRIATION OR ALLOTMENT OF FUNDS

14. The expenditure or advance of any money or the performance of any obligation of the United States under this Contract shall be contingent upon appropriation or allotment of funds. Absence of appropriation or allotment of funds shall not relieve the District from any obligations under this Contract. No liability shall accrue to the United States in case funds are not appropriated or allotted.

OFFICIALS NOT TO BENEFIT

15. No Member of or Delegate to the Congress, Resident Commissioner, or official of the District shall benefit from this Contract other than as a water user or landowner in the same manner as other water users or landowners.

CHANGES IN DISTRICT'S ORGANIZATION

16. While this Contract is in effect, no change may be made in the District’s organization, by inclusion or exclusion of lands or by any other changes which may affect the respective rights, obligations, privileges, and duties of either the United States or the District under this Contract including, but not limited to, dissolution, consolidation, or merger, except upon the Contracting Officer’s written consent.

ASSIGNMENT LIMITED—SUCCESSORS AND ASSIGNS OBLIGATED

17. The provisions of this Contract shall apply to and bind the successors and assigns of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein by either party shall be valid until approved in writing by the other party.
18. During the performance of this Contract, the District agrees as follows:

(1) The District will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, disability, or national origin. The District will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, disability, or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The District agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

(2) The District will, in all solicitations or advertisements for employees placed by or on behalf of the District, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, disability, or national origin.

(3) The District will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice, to be provided by the Contracting Officer, advising the labor union or workers’ representative of the District’s commitments under section 202 of Executive Order 11246 of September 24, 1965 (EO 11246), and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(4) The District will comply with all provisions of EO 11246, and of the rules, regulations, and relevant orders of the Secretary of Labor.

(5) The District will furnish all information and reports required by EO 11246, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the Contracting Agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

(6) In the event of the District’s noncompliance with the nondiscrimination clauses of this Contract or with any of such rules, regulations, or orders, this Contract may be canceled, terminated or suspended in whole or in part and the District may be declared ineligible for further Government contracts in accordance with procedures authorized in EO 11246, and such other sanctions may be imposed and remedies invoked as provided in EO 11246 or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

(7) The District will include the provisions of paragraphs (1) through (7) in every subcontract or purchase order unless exempted by the rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of EO 11246, so that such provisions will be binding upon each subcontractor or vendor. The District will take such action with respect to
any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the District becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the District may request the United States to enter into such litigation to protect the interests of the United States.

COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS


(b) These statutes prohibit any person in the United States from being excluded from participation in, being denied the benefits of, or being otherwise subjected to discrimination under any program or activity receiving financial assistance from the Bureau of Reclamation on the grounds of race, color, national origin, disability, or age. By executing this Contract, the District agrees to immediately take any measures necessary to implement this obligation, including permitting officials of the United States to inspect premises, programs, and documents.

(c) The District makes this agreement in consideration of and for the purpose of obtaining any and all Federal grants, loans, contracts, property discounts, or other Federal financial assistance extended after the date hereof to the District by the Bureau of Reclamation, including installment payments after such date on account of arrangements for Federal financial assistance which were approved before such date. The District recognizes and agrees that such Federal assistance will be extended in reliance on the representations and agreements made in this article and that the United States reserves the right to seek judicial enforcement thereof.

(d) Complaints of discrimination against the District shall be investigated by the Contracting Officer’s Office of Civil Rights.

CERTIFICATION OF NONSEGREGATED FACILITIES

20. The District hereby certifies that it does not maintain or provide for its employees any segregated facilities at any of its establishments and that it does not permit its employees to perform their services at any location under its control where segregated facilities are maintained. It certifies further that it will not maintain or provide for its employees any segregated facilities at any of its establishments and that it will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The District agrees that a breach of this certification is a violation of the Equal Employment Opportunity clause in this Contract. As used in this certification, the term “segregated facilities” means any waiting rooms, work areas, rest rooms, and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas,
parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, disability, or otherwise. The District further agrees that (except where it has obtained identical certifications from proposed subcontractors for specific time periods) it will obtain identical certifications from proposed subcontractors prior to the award of subcontracts exceeding $10,000 which are not exempt from the provisions of the Equal Employment Opportunity clause; that it will retain such certifications in its files; and that it will forward the following notice to such proposed subcontractors (except where the proposed subcontractors have submitted identical certifications for specific time periods):

NOTICE TO PROSPECTIVE SUBCONTRACTORS OF REQUIREMENT FOR CERTIFICATIONS OF NONSEGREGATED FACILITIES

A Certification of Nonsegregated Facilities must be submitted prior to the award of a subcontract exceeding $10,000 which is not exempt from the provisions of the Equal Employment Opportunity clause. The certification may be submitted either for each subcontract or for all subcontracts during a period (i.e., quarterly, semiannually, or annually). Note: The penalty for making false statements in offers is prescribed in 18 U.S.C. § 1001.

MEDIUM FOR TRANSMITTING PAYMENTS

21. (a) All payments from the District to the United States under this Contract shall be by the medium requested by the United States on or before the date payment is due. The required method of payment may include checks, wire transfers, or other types of payment specified by the United States.

(b) Upon execution of the Contract, the District shall furnish the Contracting Officer with the District’s taxpayer’s identification number (TIN). The purpose for requiring the District’s TIN is for collecting and reporting any delinquent amounts arising out of the District’s relationship with the United States.

RULES, REGULATIONS, AND DETERMINATIONS

22. The Contracting Officer shall have the right to make determinations necessary to administer this Contract that are consistent with its provisions, the laws of the United States and the State of Nevada, and the rules and regulations promulgated by the Secretary of the Interior. Such determinations shall be made in consultation with the District.

CONTRACT DRAFTING CONSIDERATIONS

23. This Contract has been negotiated and reviewed by the parties hereto, each of whom is sophisticated in the matters to which this Contract pertains. Articles 1 through 9 of this Contract have been drafted, negotiated, and reviewed by the parties, and no one party shall be considered to have drafted the stated articles.
IN WITNESS WHEREOF, the parties hereto have executed this Contract as of the day and year first above written.

UNITED STATES OF AMERICA

By: ____________________________________  
Regional Director, Mid-Pacific Region  
Bureau of Reclamation

(SEAL) TRUCKEE-CARSON IRRIGATION DISTRICT

By: ____________________________________  
President of the Board of Directors

Attest:

By: ____________________________________  
Secretary of the Board of Directors
EXHIBIT A

Truckee-Carson Irrigation District
Newlands Project

PRE-CONSTRUCTION ACTIVITIES TO BE COMPLETED BY RECLAMATION
Tasks and Cost Estimate for Truckee Canal Extraordinary Maintenance
Pre-Construction Activity Costs

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<th>ACTUAL COSTS FOR FY14-FY16</th>
<th>COST ESTIMATES FY17-FY21</th>
<th>TOTALS</th>
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<td>1. Pre-Construction Repayment Contract</td>
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<td>2. Risk Assessment</td>
<td>$424,100</td>
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<td>3. National Environmental Policy Act Compliance</td>
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<td>4. Corrective Action Study</td>
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<td>5. Feasibility Study</td>
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<td>6. Final Design</td>
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<td><strong>$6,380,492</strong></td>
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Reclamation provided Non-Reimbursable Funds $5,000,000

Truckee-Carson Irrigation District provided Prepayment for the Truckee Canal XM EIS Performance Work Statement $30,000

Truckee-Carson Irrigation District Obligations $3,587,100
## EXHIBIT B

Truckee-Carson Irrigation District  
Newlands Project

### PAYMENT SCHEDULE

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<th>Principle</th>
<th>Interest (2.50%)</th>
<th>Total Payment</th>
<th>Balance</th>
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<td>$410,323</td>
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**Total**  
$3,587,100  
$415,375  
$4,002,475