

**ROSS VALLEY FIRE DEPARTMENT
STAFF REPORT**

For the meeting of March 13, 2019

To: Board of Directors

From: Jason Weber, Fire Chief

Subject: Financing for Type 1 Fire Engines Acquisition

RECOMMENDATION:

That the Board adopt Resolution No. 19-04 to approve the incurrence of debt, financing half of the purchase price of two new fire engines, and approve the execution of a promissory note and a security agreement in connection with such debt and take related actions.

BACKGROUND:

On January 9, 2019, the Board authorized the purchase of two new Pierce Manufacturing Enforcer 1500 GMO All-Steer Type 1 Fire Engines, for the price of \$1,417,068. The Board authorized the Fire Chief to pay half of the purchase price from cash on hand and finance the other half (*i.e.*, \$708,535).

Sleepy Hollow Fire Protection District is providing such financing to the Department. In exchange, the Department as executed: (i) a promissory note (the "Note") in favor of the Fire Protection District, and (ii) a Security Agreement pursuant to which the new fire engines will be used as collateral to secure the Department's repayment of the Note. Forms of the Note and the Security Agreement are attached as Exhibits to the Resolution.

Recommendation: Staff is recommending that the Board adopt Resolution No. 19-04.

FISCAL IMPACT:

Under this Financing, the Fire Protection District is lending the Department \$708,535, all of which are used toward half of the purchase price of the new fire engines. The Note will bear interest at a three percent annual rate and mature in about five years. The Department will have the right to prepay all or any portion of the outstanding principal amount without penalty. In the absence of any such prepayment, the total amount to be repaid by the Department, including principal and interest, will be approximately \$763,887. Except for a small fee (expected to be less than \$200) due to the California Debt and Investment Advisory Commission in connection with filings for the Financing, the Department is not incurring any financing charges or fees to third parties.

AGENDA ITEM # 7
Date 3/13/19

ROSS VALLEY FIRE DEPARTMENT RESOLUTION 19-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROSS VALLEY FIRE DEPARTMENT APPROVING THE INCURRENCE OF DEBT TO FINANCE THE ACQUISITION OF TWO FIRE ENGINES AND THE RELATED EXECUTION OF A NOTE AND A SECURITY AGREEMENT AND TAKING OTHER RELATED ACTIONS

WHEREAS, the Ross Valley Fire Department (the “**Department**”) is a joint powers authority duly established and existing pursuant to the Joint Exercise of Powers Act (set forth in California Government Code Section 6500 *et seq.*) and an Amended and Restated Joint Powers Agreement, dated as of July 1, 2010, as amended, by and among the Town of Fairfax, the Town of San Anselmo, the Sleepy Hollow Fire Protection District and the Town of Ross (each, a “**Member**”); and

WHEREAS, the Board of Directors of the Department (the “**Ross Valley Fire Board**” or the “**Board**”), by an action taken on January 9, 2019, authorized the Department’s purchase of two new Pierce Manufacturing Enforcer 1500 GMO All-Steer Type 1 Fire Engines (the “**New Fire Engines**”) for the price of \$1,417,068, with the direction that the Department would finance half of such purchase price (*i.e.*, \$708,535); and

WHEREAS, the Sleepy Hollow Fire Protection District (the “**Fire Protection District**”) has provided such financing to the Department (the “**Financing**”), in consideration of the Department’s execution of: (i) a note (the “**Note**”) in favor of the Fire Protection District to evidence the Department’s repayment obligation of such debt, and (ii) an agreement (the “**Security Agreement**”) pursuant to which the New Fire Engines shall be used as collateral to secure the Department’s repayment of the Note; and

WHEREAS, the Note shall bear interest at the rate of three percent per annum and mature in or about five years from the date of its issuance; provided that the Department shall have the right to prepay all or any portion of the outstanding principal amount without penalty; and

WHEREAS, the Note has been issued and executed pursuant to the Local Bond Pooling Act, set forth in Government Code Section 6584 *et seq.*, to finance the acquisition of the New Fire Engines, which are equipment necessary to support the fire protection function of the Department and deliver the public services therefrom; and

WHEREAS, pursuant to Government Code Section 6586.5(a)(2), the governing body of the Sleepy Hollow Fire Protection District, which is a Member of the Department and a local agency with boundaries that are within the jurisdiction of the Fire Department, conducted a duly noticed public hearing on February 22, 2019, and found that the Financing provides significant public benefits, in that: (i) it is in furtherance of more efficient delivery of local agency services to residential and commercial development, and (ii) it provides demonstrable savings in effective interest rate, borrowing document preparation, underwriting or issuance cost; and

WHEREAS, notices regarding the Financing will be sent to California Attorney General and the California Debt and Investment Advisory Commission (“**CDIAC**”) pursuant to Government Code Section 6586.5(a)(3);

NOW, THEREFORE, THE ROSS VALLEY FIRE DEPARTMENT BOARD OF DIRECTORS DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. The above recitals, and each of them, are true and correct.

Section 2. The execution of the Note, in the form attached hereto as **Exhibit A**, is hereby approved and/or ratified. Each of the President of the Board, the Vice President of the Board and the Executive Officer (each, an “**Authorized Officer**”) acting individually, is hereby authorized to execute and deliver, for and in the name of the Department, the Note in substantially such form, with changes therein as the Authorized Officer may approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 3. The execution of the Security Agreement, in the form attached hereto as **Exhibit B**, is hereby approved and/or ratified. Each Authorized Officer, acting individually, is hereby authorized to execute and deliver, for and in the name of the Department, the Security Agreement in substantially such form, with changes therein as the Authorized Officer may approve (such approval to be conclusively evidenced by the execution and delivery thereof).

Section 4. Pursuant to Government Code Section 6586.7, the Fire Chief is hereby directed to send a copy of this Resolution, to the California Attorney General and CDIAC.

Section 5. The members of the Board, the Authorized Officers and other officers of the Department, are hereby authorized, jointly and severally, to execute and deliver any and all necessary documents and instruments and to do all things (including, but limited to, the payment of any fee due to CDIAC under Government Code Section 8856 in connection with the Financing) which may be necessary or proper to effectuate the purposes of this Resolution, the Note and the Security Agreement. Any such previous action taken by such officers are hereby ratified and confirmed.

I do hereby certify that the above Resolution 19-04 is a true and correct copy as passed by the Ross Valley Fire Board on March 13, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Peter Lacques, Board President

ATTEST:

JoAnne Lewis,
Administrative Assistant

EXHIBIT A

**SECURED PROMISSORY NOTE IN FAVOR OF SLEEPY HOLLOW FIRE
PROTECTION DISTRICT**

[Attached]

SECURED PROMISSORY NOTE

\$708,535.00

February 22, 2019

FOR VALUE RECEIVED, the undersigned, the ROSS VALLEY FIRE DEPARTMENT, a joint powers authority of the State of California duly established and existing pursuant to the Joint Exercise of Powers Act (set forth in California Government Code Sections 6500 *et seq.*) and an Amended and Restated Joint Powers Agreement, dated as of July 1, 2010, as amended (the "Joint Powers Agreement") (the "Maker"), hereby promises to pay to the SLEEPY HOLLOW FIRE PROTECTION DISTRICT, an autonomous Special District of the State of California (the "Payee" and, together with the Maker, the "Parties"), in lawful money of the United States of America, the principal sum of SEVEN HUNDRED EIGHT THOUSAND FIVE HUNDRED THIRTY-FIVE DOLLARS (\$708,535.00) pursuant to the terms set forth below.

1. Purpose and Payment

1.1 Department's Obligation and Purpose of Loan. It is hereby certified, recited, and declared that (a) this Secured Promissory Note (the "Note") in the principal amount of Seven Hundred Eight Thousand Five Hundred Thirty Five Dollars (\$708,535.00) is issued by the Department pursuant to Government Code Sections 6584 *et seq.* for the purpose of financing a portion of the cost for the purchase of two (2) Pierce Manufacturing *Enforcer 1500 GPM T3 Pumpers* (collectively, the "Equipment"); and (b) this Note, together with all other indebtedness and obligations of Department, does not exceed any limit prescribed by the Constitution or statutes of the State of California. This Note shall become effective upon the adoption by the Board of Directors of the Department authorizing the same.

1.2 Maturity Date. The entire unpaid principal balance of this Note and any accrued but unpaid interest thereon shall become due and payable on February 22, 2024.

1.3 Interest. Interest will accrue on the unpaid principal balance from time to time outstanding, retroactive from the date of issuance of this Note until the principal balance is paid in full, at a rate of Three Percent (3.00%) per annum (the "Interest Rate"). In addition (but without duplication), from and after the occurrence of an Event of Default (as defined below) interest will accrue on the unpaid principal balance from time to time outstanding, from the date of such occurrence of such Event of Default until the date when such Event of Default is cured or until the principal balance is paid in full, whichever is earlier, at the Interest Rate. Interest at the Interest Rate will be calculated on the basis of a year of 365 or 366 days, as applicable, and charged for the actual number of days elapsed.

1.4 Prepayment; Application of Payments. Maker will have the right to prepay all or any portion of the outstanding principal amount without premium or penalty. All payments on this Note will be applied first to the payment of accrued interest (if any) before being applied to the payment of principal.

1.5 Manner of Payment. Principal, interest, and all other amounts due under this Note will be payable, in U.S. Dollars, by electronic wire transfer or check pursuant to written

instructions provided to Maker by Payee. If any payment of principal or interest on this Note is due on a day that is not a Business Day, such payment will be due on the next succeeding Business Day. "Business Day" means any day other than a Saturday, Sunday, or legal holiday in the State of California. All amounts due from Maker to Payee under this Note will be made without benefit of any setoff, counterclaim, or other defense.

2. Default

2.1 Events of Default. The occurrence of any one or more of the following events with respect to Maker will constitute an event of default hereunder (each an "Event of Default"):

(a) If Maker fails to pay when due any payment of principal or interest on this Note and such failure continues for five (5) days after such payment becomes due;

(b) If Maker is in material breach of any other provision of this Note, which breach is not cured within ten (10) days after written notice from Payee of such breach;

(c) If Maker shall default in the performance or observance of any obligation or condition with respect to indebtedness in excess of Five Thousand Dollars (\$5,000) or any other event shall occur or condition exist, if the effect of such default, event, or condition is to accelerate the maturity of such indebtedness or if such indebtedness shall become or be declared to be due and payable prior to its stated maturity as a result of the foregoing; or

(d) If Maker, under the laws of any jurisdiction: (i) consents to the appointment of a trustee, receiver, assignee, liquidator, or similar official; (ii) makes a general assignment for the benefit of its creditors; or (iii) institutes a proceeding, or has an involuntary proceeding instituted against it, seeking a judgment of insolvency, bankruptcy, or any similar relief under any bankruptcy, insolvency, or other similar law affecting creditors' rights that is not dismissed within ninety (90) days thereafter.

2.2 Notice by Maker. Maker will notify Payee in writing within five (5) days after the occurrence of any Event of Default of which Maker acquires knowledge. If Payee is not so notified, said failure to notify is, in and of itself, an Event of Default.

2.3 Remedies. Subject to the provisions of Section 4.2, below, upon the occurrence of an Event of Default hereunder (unless waived in writing by Payee), Payee may, at its option, (a) by written notice to Maker, declare the entire unpaid principal balance of this Note, together with all accrued interest thereon, immediately due and payable, or (b) exercise any and all rights and remedies available to it under applicable law, including the right to collect from Maker all sums due under this Note. Maker will pay all costs and expenses incurred by or on behalf of Payee in connection with Payee's exercise of any or all of its rights and remedies under this Note, including attorneys' fees.

3. Security Agreement

Maker's obligations under this Note are secured by the collateral set forth in that certain Security Agreement, dated as of the date hereof, between Maker and Payee (the "Security Agreement"). Concurrently with the termination of this Note pursuant to Section 5, below, the Security Agreement shall terminate and be of no further force and effect (other than the Parties' obligations to execute and deliver such documents as be necessary or appropriate to release any lien upon or security interest in the collateral secured thereby). Payee acknowledges and agrees that the sole source of funds to be used for repayment of this Note shall be moneys received by Maker from contribution by its Members (as defined in the Joint Powers Agreement), which is subject to each Member's budget appropriation. Payee further acknowledges and agrees that all liabilities and obligations under this Note and the Security Agreement are solely liabilities and obligations of Maker, and not of any of the Members. Payee has no right to compel the forfeiture of any funds or properties of any Member for payments or performance obligations hereunder. No member of the governing board of the Department shall be personally liable on the Note or the Security Agreement or be subject to any personal liability or accountability by reason of the Note or the Security Agreement.

4. Miscellaneous

4.1 Waiver. Maker hereby waives presentment, demand, protest, and notice of dishonor and protest.

4.2 Assignment. Neither Party shall assign or transfer this Note nor any of its rights or obligations under this Note without express prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned, or delayed.

4.3 Successors. All of the terms, agreements, covenants, representations, warranties, and conditions of this Note are binding upon, and inure to the benefit of and are enforceable by, the Parties and their respective successors. If the principal business, operations, or a majority or substantial portion of the assets of Maker are assigned, conveyed, allocated, or otherwise transferred, including by sale, merger, consolidation, amalgamation, conversion, or similar transactions, such receiving person or persons will automatically become bound by and subject to the provisions of this Note, and Maker, subject to satisfaction of the provisions of Section 4.2, above, will cause the receiving person or persons to expressly assume its obligations hereunder.

4.4 Notices. All notices, requests, claims, demands, and other communications under this Note and/or the Security Agreement shall be in writing and shall be deemed given if delivered personally or sent by facsimile, electronic mail, or overnight courier (providing proof of delivery) to the Parties at the following addresses (or at such other address for a Party as shall be specified by like notice):

If to Maker:

Ross Valley Fire Department
777 San Anselmo Avenue
San Anselmo, California 94960
Attn: President, Board of Directors

Fax: (415) 258-4689
E-mail: JWeber@marincounty.org

If to Payee:

Sleepy Hollow Fire Protection District
c/o 1040 Butterfield Road
San Anselmo, California 94960-1148
Attn: Thomas J. Finn, Director/Secretary
Fax: (415) 256-8398
E-mail: tfinn@well.com

4.5 Time. Time is of the essence in the performance of this Note.

4.6 Headings. The article and section headings contained in this Note are inserted for convenience only and will not affect in any way the meaning or interpretation of this Note.

4.7 Governing Law. This Note and the performance of the obligations of the Parties hereunder will be governed by and construed in accordance with the laws of the State of California, without giving effect to any choice of law principles.

4.8 Amendments and Waivers. No amendment, modification, replacement, termination, or cancellation of any provision of this Note will be valid unless the same will be in writing and signed by the each Party. No waiver by any Party of any default, Event of Default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, may be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising because of any prior or subsequent such occurrence.

4.9 Severability. The provisions of this Note will be deemed severable and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof; provided that any provision of this Note that is invalid or unenforceable in any situation or in any jurisdiction will not affect the enforceability of the remaining terms and provisions hereof or the enforceability of the offending term or provision in any other situation or in any other jurisdiction.

4.10 Expenses. Except as otherwise expressly provided in this Note, each Party will bear its own costs and expenses incurred in connection with the preparation, execution, and performance of this Note, including all fees and expenses of agents, representatives, financial advisors, legal counsel, and accountants. The provisions of this Section 4.10 shall not affect attorneys' fees which may be incurred in connection with collection of late payments or resulting from any Event of Default, as described above.

4.11 Attorneys' Fees. If there exists an Event of Default, Maker agrees to pay all costs and expenses of collection, including attorneys' fees, incurred by Payee in connection therewith, whether or not suit is filed.

4.12 Construction. The Parties have participated jointly in the negotiation and drafting of this Note. If an ambiguity or question of intent or interpretation arises, this Note will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party because of the authorship of any provision of this Note. Any reference to any federal, state, local, or foreign law will be deemed also to refer to such law as amended and all rules and regulations promulgated thereunder, unless the context requires otherwise. The words "include," "includes," and "including" will be deemed to be followed by "without limitation." Pronouns in masculine, feminine, and neuter genders will be construed to include any other gender, and words in the singular form will be construed to include the plural and vice-versa, unless the context otherwise requires. The words "this Note," "herein," "hereof," "hereby," "hereunder," and words of similar import refer to this Note as a whole and not to any particular subdivision unless expressly so limited. The Parties intend that each representation, warranty, and covenant contained herein will have independent significance. If any Party has breached any representation, warranty, or covenant contained herein in any respect, the fact that there exists another representation, warranty, or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached will not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

4.13 Remedies. Except as expressly provided herein, the rights, obligations, and remedies created by this Note are cumulative and in addition to any other rights, obligations, or remedies otherwise available at law or in equity. Except as expressly provided herein, nothing herein will be considered an election of remedies.

4.14 Due Authorization. The undersigned has all requisite power and authority to execute and deliver this Note on behalf of Maker. This Note has been duly and validly authorized and approved by all requisite actions on the part of Maker, and no other proceeding, consent, or authorization on the part of Maker is necessary to constitute this Note as a legal, valid, and binding obligation of Maker, enforceable against Maker in accordance with its terms.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the date first above written.

MAKER

Ross Valley Fire Department, a joint powers
authority of the State of California

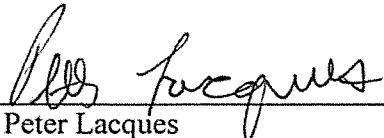
By: 
Peter Lacques
President, Board of Directors

EXHIBIT B

SECURITY AGREEMENT

[Attached]

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") is made and entered into the 22nd day of February 2019, by and between the ROSS VALLEY FIRE DEPARTMENT, a joint powers authority of the State of California duly established and existing pursuant to the Joint Exercise of Powers Act (set forth in California Government Code Sections 6500 *et seq.*) and an Amended and Restated Joint Powers Agreement, dated as of July 1, 2010, as amended (the "Joint Powers Agreement") (the "Debtor"), and the SLEEPY HOLLOW FIRE PROTECTION DISTRICT, an autonomous Special District of the State of California (the ("Secured Party"). From time to time in this Agreement, the Debtor and the Secured Parties are referred to collectively as the "Parties"). This Agreement shall become effective upon the adoption by the Board of Directors of the Department authorizing the same.

For valuable consideration, the receipt of which is acknowledged, the Parties agree as follows:

1. Grant of Security Interest. Debtor hereby grants to Secured Party a security interest in the property described in Section 2, below (collectively and severally, the "Collateral"), to secure the payment and performance of the obligations of Debtor to Secured Party described in Section 3, below (collectively and severally, the "Obligations").

2. Collateral. "Collateral" means the collateral in which the Secured Party is granted a security interest by this Agreement and which shall include the following, whether presently owned or existing or hereafter acquired or coming into existence, and all additions and accessions thereto and all substitutions and replacements thereof, and all proceeds, products, and accounts thereof including, without limitation, all proceeds from the sale or transfer of the Collateral and of insurance covering the same and of any tort claims in connection therewith:

(a) Two (2) Pierce Manufacturing *Enforcer 1500 GPM T3 Pumps*, all additions and accessions thereto, all parts therefor, and all substitutes for any of the foregoing (collectively, the "Equipment"); and

(b) All Receivables of the Debtor including all insurance proceeds, and rights to refunds or indemnification whatsoever owing, together with all instruments, all documents of title representing any of the foregoing, and all right, title, security, and guaranties with respect to each Receivable, including any right of stoppage in transit; and

(c) All of the Debtor's documents, instruments, and chattel paper, files, records, books of account, business papers, computer programs, and the products and proceeds of all of the foregoing Collateral set forth in clauses (a)-(c), above.

Terms used in this Section 2 but not otherwise defined in this Agreement that are defined in Division 9 of the California Commercial Code, as amended (the "Code") shall have the respective meanings given such terms in Division 9 of the Code.

3. Obligations. The Obligations of Debtor secured by this Agreement consist of:

(a) The payment and performance of Debtor's indebtedness and obligations to Secured Party under that certain Secured Promissory Note executed and delivered by Debtor, as Maker, dated February 22, 2019 in the principal amount of SEVEN HUNDRED EIGHT THOUSAND FIVE HUNDRED THIRTY-FIVE DOLLARS (\$708,535.00) and all interest accrued thereon as more fully set forth in the Note; and

(b) The payment and performance of all Debtor's indebtedness and obligations to Secured Party under (i) this Security Agreement, (ii) any and all agreements, instruments, or documents now or hereafter evidencing or securing the Note, and (iii) any and all extensions, renewals, modifications, amendments, and replacements thereof.

4. Representations and Covenants of Debtor. Debtor represents, warrants, and agrees as follows:

(a) At the request of Secured Party, Debtor will join with Secured Party in executing one or more Financing Statements, pursuant to the Uniform Commercial Code as enacted in California in a form satisfactory to Secured Party and will pay the cost of filing the same or filing or recording the same in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable.

(b) Debtor will do all acts which may be necessary to maintain, preserve, and protect the Collateral, not to commit or permit any waste thereof, to maintain the Collateral in good order, repair, and condition, reasonable wear and tear excepted, and to comply with all laws, regulations, and ordinances relating to the possession, operation, maintenance, and control of the Collateral.

(c) Debtor will not remove any of the Collateral from its premises or control, except for the purposes of repair or replacement with other articles of substantially similar quality and value, and except for usage in the ordinary course of business.

(d) Debtor will not sell, assign, lease, encumber, or otherwise dispose of all or any of the Collateral without the prior written consent of Secured Party.

(e) Debtor will pay, at least ten (10) days before delinquency, all taxes, assessments, and liens now or hereafter imposed on the Collateral.

(f) Debtor will procure, execute, and deliver from time to time any agreements, endorsements, assignments, financing statements, and other writings and take such other actions deemed necessary or appropriate by Secured Party to create, confirm, perfect, maintain, and protect its security interest hereunder and the priority thereof.

5. Authorized Action by Secured Party. If Debtor fails to make any payment or do any act as herein required, then Secured Party, without obligation to do so and without notice to or demand upon Debtor, may make such payments and do such acts as Secured Party may deem necessary to protect its security interest in the Collateral. Debtor hereby agrees to repay immediately and without demand all sums so expended by Secured Party pursuant to the provisions of this Section 5, with interest from date of expenditure at the maximum rate allowed by law.

6. Default. Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions:

(a) Default by Debtor in the payment of the Note or the occurrence of an Event of Default thereunder.

(b) Any warranty, representation, or statement, made or furnished to Secured Party by Debtor under the Note or this Agreement that proves to have been false in any material respect when made or furnished;

(c) Substantial uninsured damage, destruction, or danger, in the reasonable opinion of Secured Party, or misuse or confiscation of the Collateral or the making of any levy, seizure, or attachment thereof or therein; or,

(d) Termination of existence, dissolution, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceedings under any bankruptcy or insolvency laws by, or against, Debtor.

7. Rights upon Default. Upon any such default, Secured Party, at its option, without demand upon or notice to Debtor, may declare all Obligations secured hereby to be immediately due and payable, and Secured Party shall have all the rights and remedies provided a secured party under the Uniform Commercial Code as enacted in California. Additionally, upon learning of Debtor's default, Secured Party may immediately regain possession and control of the Collateral. All rights and remedies of Secured Party under this Agreement are in addition to all rights and remedies given to Secured Party contained in any other agreement, instrument, or document or available to Secured Party at law, by statute or in equity. All such rights and remedies are cumulative and not exclusive and may be exercised successively, concurrently, and repeatedly.

8. Waivers. Debtor waives any right to require Secured Party to (a) proceed against any person, (b) proceed against, apply, or exhaust any Collateral or any other security for the Obligations secured hereby, or (c) pursue any other remedy in Secured Party's power. Debtor waives any defenses arising by reason of any disability or other defense of any person, or by reason of the cessation from any cause whatsoever of the liability of any other person.

9. Miscellaneous.

(a) This Agreement may be assigned by Secured Party only. Any assignment of this Agreement by Debtor is null and void and shall constitute a default by Debtor. This Agreement shall bind and inure to the benefit of the Parties' successors and assigns.

(b) References to the Uniform Commercial Code refer to the Uniform Commercial Code as adopted by the State of California.

(c) This Agreement and the rights of the Parties hereunder shall be governed by and construed in accordance with the laws of the State of California including all matters of construction, validity, performance, and enforcement and without giving effect to the principles of conflict of laws. The Parties submit to the exclusive jurisdiction of the Superior Court of the County of Marin, State of California for the resolution of all legal disputes arising under the terms of this Agreement including, but not limited to, enforcement of any arbitration award. In the event any party hereto shall commence legal proceedings against the other to enforce the terms hereof, or to declare rights hereunder, as the result of a breach of any covenant or condition of this Agreement, the prevailing party in any such proceeding shall be entitled to recover from the losing party its costs of suit, including reasonable attorneys' fees, as may be fixed by the Court.

(d) Upon performance of the obligation and payment of the debt secured hereby, Secured Party shall execute such documents as Debtor may request to release and relinquish the security interest created hereby.

(e) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(f) Any forbearance, failure, or delay by Secured Party in exercising any right or remedy shall not preclude the further exercise thereof, and every right or remedy of Secured Party shall continue in full force and effect until such right or remedy is specifically waived in a writing executed by Secured Party.

(g) This Agreement constitutes the entire agreement with respect to the subject matter hereof. The terms and provisions of this Agreement may not be amended, waived, altered, or modified except by written agreement signed by Debtor and Secured Party.

(h) The undersigned has all requisite power and authority to execute and deliver this Agreement on behalf of Debtor. This Agreement has been duly and validly authorized and approved by all requisite actions on the part of Debtor, and no other proceeding, consent, or authorization on the part of Debtor is necessary to constitute this Agreement as a legal, valid, and binding obligation of Debtor, enforceable against Debtor in accordance with its terms.

(i) The making of the loan evidenced by the Note and the execution of this Agreement have been duly and validly authorized and approved by all requisite actions on the part of Secured Party, and no other proceeding, consent, or authorization on the part of Secured Party is necessary to the making of such loan and the execution and delivery of this Agreement.

The Parties hereto have executed this Security Agreement the day and year first written above.

DEBTOR

Ross Valley Fire Department, a joint powers
authority of the State of California

By: _____


Peter Lacques
President, Board of Directors

SECURED PARTY

Sleepy Hollow Fire Protection District
an autonomous Special District of the
State of California

By: _____

Thomas J. Finn, Director/Secretary