



A G E N D A

TECHNICAL ADVISORY COMMITTEE MEETING #1 “FINANCE, GRANTS & ADMINISTRATION”

MAY 12, 2026 AT 3:30 P.M.

**BOARD OF SUPERVISORS CHAMBERS
981 H STREET, SUITE 100
CRESCENT CITY, CA 95531**

1. Call to order.
2. Public comment period.
3. 3:30 PM Receive an update on the status of the TFG/CSAC Grants Initiative program and a related update on the development of a County Grants Policy.
4. 4:00 PM Receive an annual update on the County’s 115 Trust (PARS).
5. Capital Project Financing discussion.
6. Discuss updating of the Stimson Fund Resolution (#2006-050) and direct staff to revise the Resolution based on TAC direction for consideration by the Board.
7. Discuss the Del Norte County Library Board of Trustees request for financing through the Stimson Fund to support the purchase of the library’s new building.
 - a. Review and discuss previous agreements providing capital financing to outside agencies from the Stimpson Fund as applicable to this item.

Adjournment

DATE POSTED: MAY 01, 2026

Chapter 10.30 – Grant Application Review and Authorization

10.30.010 – Purpose and Intent

The purpose of this Chapter is to establish a standardized, countywide process for the identification, review, coordination, and authorization of grant applications submitted on behalf of Del Norte County. This policy is intended to ensure that proposed grant activities align with County priorities, receive appropriate fiscal and operational review, and are submitted with the necessary internal authorizations.

This Chapter is intended to balance appropriate oversight with the time-sensitive nature of many grant funding opportunities. Nothing in this Chapter alters any separate requirements for acceptance of grant awards or execution of grant agreements that otherwise require approval by the Board of Supervisors.

Authorization to submit a grant application pursuant to this Chapter does not constitute authorization to accept a grant award or execute any grant agreement. Acceptance of grant funds and execution of grant agreements shall remain subject to applicable County approval procedures, including approval by the Board of Supervisors when required.

This Chapter also establishes a coordinated framework for managing grant opportunities throughout their lifecycle, from initial project identification and application development through award administration and closeout.

10.30.020 – Strategic Funding Plan Coordination

The County maintains a Strategic Funding Plan (SFP) to identify, prioritize, and track grant funding opportunities and related projects across County departments.

The Strategic Funding Plan serves as the County's primary coordination and tracking tool for grant activity and may be used to monitor projects from initial concept through application development, submission, award, and implementation.

County departments are encouraged to coordinate potential grant opportunities through the Strategic Funding Plan whenever practicable in order to support countywide visibility, strategic prioritization of funding opportunities, and coordination of staffing capacity, fiscal resources, and match requirements.

The Strategic Funding Plan may also be used to support long-term planning and evaluation of potential fiscal impacts associated with grant-funded projects, including ongoing operational, maintenance, or staffing obligations that may arise following the conclusion of the grant term.

The County Administrative Officer, or designee, may periodically provide summary updates to County leadership and the Board of Supervisors regarding grant applications, awards, and related funding commitments using information maintained through the Strategic Funding Plan.

10.30.030 – Technical Advisory Committee Responsibilities

The Finance, Grants, and Administration Technical Advisory Committee is designated as the primary and centralized committee for the review and consideration of grant applications subject to this policy.

The Technical Advisory Committee shall meet on a regular basis, as specified in Section 1.50.010 of this Manual, to review proposed grant applications and related grant activity, subject to scheduling needs and workload.

The Technical Advisory Committee may establish a Grants Workgroup as set forth in Section 1.50.040 of this Manual to facilitate timely review of grant applications when grant submission timelines are inconsistent with the Committee's regular meeting schedule. The Grants Workgroup shall act under the direction and authority of the Technical Advisory Committee.

The County Administrative Officer or designee shall coordinate grant-related duties and responsibilities on behalf of the Technical Advisory Committee and any Grants Workgroup established pursuant to this Section.

The Technical Advisory Committee, or a Grants Workgroup acting on its behalf, shall evaluate each proposed grant application based on consistency with the Board's adopted Strategic Plan or other Board-adopted priorities, the financial impact of the grant including matching requirements, administrative costs, and sustainability, the operational implications of the grant including staffing, service delivery, and departmental capacity, opportunities for cross-departmental coordination and avoidance of duplicative efforts, and potential risks or liabilities to the County including audit exposure, compliance requirements, or post-grant obligations.

As part of this review process, proposed grant applications may be referred to the Auditor-Controller, Administration, County Counsel, or other departments as appropriate for review of fiscal, contractual, or legal considerations.

10.30.040 – Requirement for Pre-Submission Review

County departments shall submit all proposed grant applications through a standardized grant intake process established by the Technical Advisory Committee prior to submission to any external funding agency.

The grant intake process shall provide sufficient information for internal review of the proposed grant opportunity, including a description of the project or program, estimated funding amount, matching requirements, anticipated staffing impacts, potential long-term operational costs, and alignment with County priorities or strategic goals.

The Technical Advisory Committee, or a Grants Workgroup acting on its behalf, shall review each proposed application and provide a recommendation to the County Administrative Officer or designee.

The County Administrative Officer or designee shall issue authorization to proceed with submission unless the application is required to be referred to the Board of Supervisors pursuant to Section 10.30.050.

No grant application shall be submitted to an external entity without prior review and authorization under this Chapter.

10.30.050 – Referral to the Board of Supervisors

The Technical Advisory Committee shall refer a proposed grant application to the Board of Supervisors for review and authorization if the application proposes a County cash or in-kind match exceeding one hundred thousand dollars (\$100,000) in the aggregate over the grant term, regardless of fund source, includes multi-year fiscal or staffing commitments that extend beyond the initial award term, would create a new County program or significantly expand an existing program or service, or presents policy implications or new strategic directions requiring Board approval.

In addition, the Technical Advisory Committee shall refer to the Board of Supervisors any grant application that commits General Fund resources in any amount, whether as a direct match, in-kind contribution, or post-grant backfill requirement, initiates a new program or service funded in whole or in part by the

General Fund, or has the potential to create ongoing General Fund obligations following the conclusion of the grant term.

For each referral, the requesting department shall indicate the Technical Advisory Committee's recommendation, if available, and submit it for inclusion with the relevant Board agenda item.

10.30.060 – Grant Administration and Compliance

County departments receiving grant awards are responsible for the administration of grant-funded projects, including compliance with applicable program requirements, fiscal management, reporting, and project implementation.

Departments shall coordinate with the Auditor-Controller, County Administrative Office, and County Counsel as appropriate to ensure compliance with grant agreements, financial management standards, procurement requirements, and applicable federal or state regulations.

Departments shall maintain appropriate documentation of grant expenditures, performance reporting, and program outcomes and shall complete all required reporting and closeout procedures associated with the grant award.

10.30.070 – Exceptions

When a grant opportunity is time-sensitive and failure to act would jeopardize funding availability, the proposed application may be reviewed by a Grants Workgroup established under Section 10.30.030 in lieu of review at a regularly scheduled Technical Advisory Committee meeting.

Any grant application reviewed or authorized through a Grants Workgroup shall be reported to the Technical Advisory Committee at its next regularly scheduled meeting.

A recurring or routine grant application may be excepted from full Technical Advisory Committee review if it has been previously reviewed and authorized by the Technical Advisory Committee or Board of Supervisors and if it poses no new or materially changed fiscal, operational, or policy obligations for the County.

Grant opportunities specifically identified in the County's Strategic Funding Plan may proceed through the application process with notification to the Technical Advisory Committee and the Board of Supervisors as appropriate.



PUBLIC AGENCY
RETIREMENT SERVICES



COUNTY OF DEL NORTE

PARS 115 Trust – OPEB Prefunding Program &
Pension Rate Stabilization Plan Client Review

May 12, 2026

#4

CONTACTS



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PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc. See additional disclosures at the end of this presentation

PARS 115 TRUST TEAM

As of March 31, 2026

Trust Administrator & Consultant*



- Serves as record-keeper, consultant, and central point of contact
- Sub-trust accounting
- Coordinates all agency services
- Monitors plan compliance (IRS/GASB/State Government Code)
- Processes contributions/disbursements
- Hands-on, dedicated support teams

40+ Years of Experience (1984-2026)	2,300+ Plans under Administration	1,100+ Public Agency Clients	550+ 115 Trust Clients	750K+ Plan Participants	\$11.2B+ Assets under Administration
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* See important information regarding PARS in the Disclaimer page at the end of the presentation.

Trustee



- 5th largest commercial bank and one of the nation's largest trustees for Section 115 trusts
- Safeguard plan assets
- Oversight protection as plan fiduciary
- Custodian of assets

163 Years of Experience (1863-2026)	\$11.0T Assets under Administration
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Investment Manager

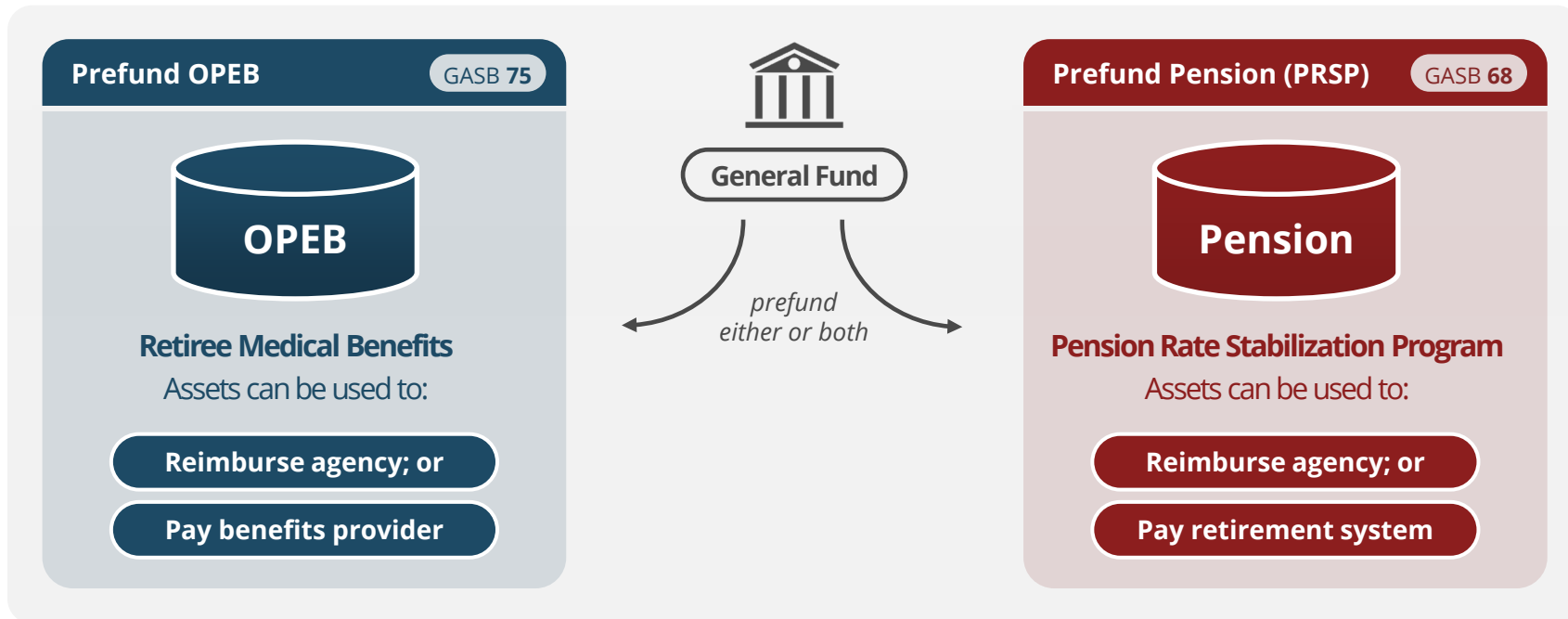


- A division of U.S. Bancorp Asset Management, Inc.
- Fixed income and multi asset portfolios
- Strategic Blend and Index platform options
- Customized portfolios (with minimum asset level)

41 Years of Investment Experience (As of 12/31/2025)	\$254.9B* Assets under Management & Advisement
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*Please see disclosures at the end of this presentation

PARS IRS-APPROVED SECTION 115 TRUST



Subaccounts

OPEB and pension assets are individually sub-accounted, and can be divided by dept., bargaining group, or cost center.



Financial Stability

Assets in the PARS Section 115 Combination Trust can be used to address unfunded liabilities.



Flexible Investing

Allows separate investment strategies for OPEB and pension subaccounts.



Anytime Access

Trust funds are available anytime; OPEB for OPEB and pension for pension.



Economies-of-Scale

OPEB and pension assets aggregate and reach lower fees on tiered schedule sooner – saving money!



No Set Up Cost or Minimums

No set-up costs, no minimum annual contribution amounts, and no fees until assets are added.

SECTION 115 TRUST BACKGROUND

- Section 115 Trusts are used by local governments to fund essential governmental functions (i.e., pension benefits and retiree health care) into an irrevocable trust
- The PARS Trust received the first IRS Private Letter Ruling (PLR) in June 2015 to fund both OPEB and Pension Liabilities for a multiple-employer trust
- Any income derived from a Section 115 Trust is tax exempt
- Govt Code Section 53216.6 and 53620 govern plan investments within the Trust
- Once contributions are placed into The PARS Trust, assets from the Trust can be used for specific benefit plan purposes including:
 - Reimbursing the County for OPEB Pay-as-you-Go expenses
 - Reimbursing the County for PERS Contributions
 - Pay OPEB expenses directly to retiree
 - Paying down specific CalPERS liabilities
 - Paying plan expenses (actuarial valuation or audit)

SUMMARY OF AGENCY'S OPEB PLAN

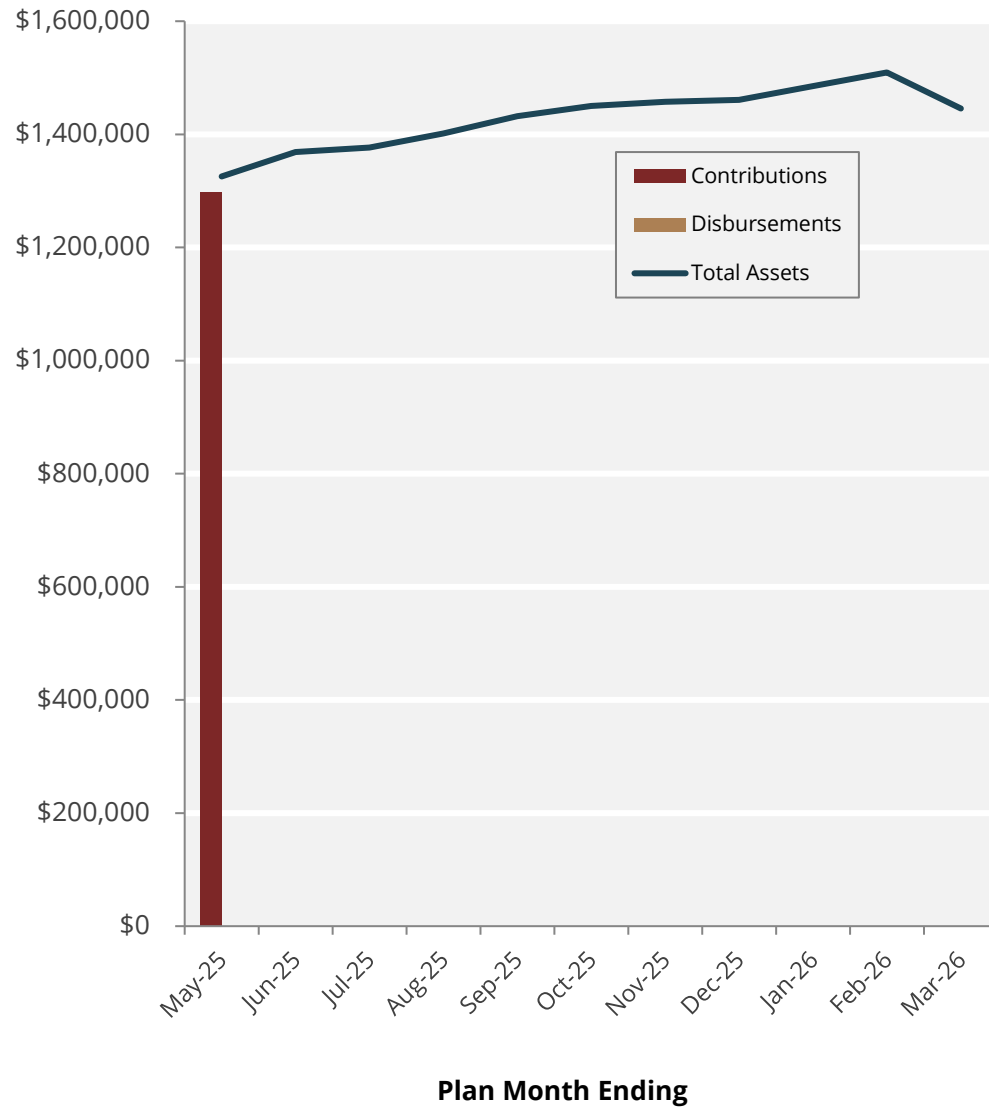
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	January 14, 2025
Plan Administrator:	County Administrative Officer
Current Investment Strategy:	Balanced - Strategic Blend; Pooled Account

AS OF MARCH 31, 2026:

Initial Contribution:	May 2025: \$1,296,866
Additional Contributions:	\$0
Total Contributions:	\$1,296,866
Disbursements:	\$0
Net Investment Earnings:	\$148,528
Account Balance:	\$1,445,394

SUMMARY OF AGENCY'S OPEB PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF MARCH 31, 2026:



Month	Contributions	Disbursements	Total Assets
May-25	\$1,296,866	\$0	\$1,325,528
Jun-25	\$0	\$0	\$1,368,512
Jul-25	\$0	\$0	\$1,376,504
Aug-25	\$0	\$0	\$1,401,588
Sep-25	\$0	\$0	\$1,432,236
Oct-25	\$0	\$0	\$1,450,292
Nov-25	\$0	\$0	\$1,457,305
Dec-25	\$0	\$0	\$1,460,742
Jan-26	\$0	\$0	\$1,485,352
Feb-26	\$0	\$0	\$1,509,390
Mar-26	\$0	\$0	\$1,445,394

OPEB ACTUARIAL RESULTS

- We have received the actuarial report by MacLeod Watts dated September 24, 2025 with a measurement date as of June 30, 2024. In the table below, we have summarized the results.

Demographic Study	Measurement Date June 30, 2024
Actives	325
Retirees	123
Participants entitled to but not receiving benefits	3
Total	451
Average Active Age	44.3
Average Active Agency Service	8.8

OPEB ACTUARIAL RESULTS

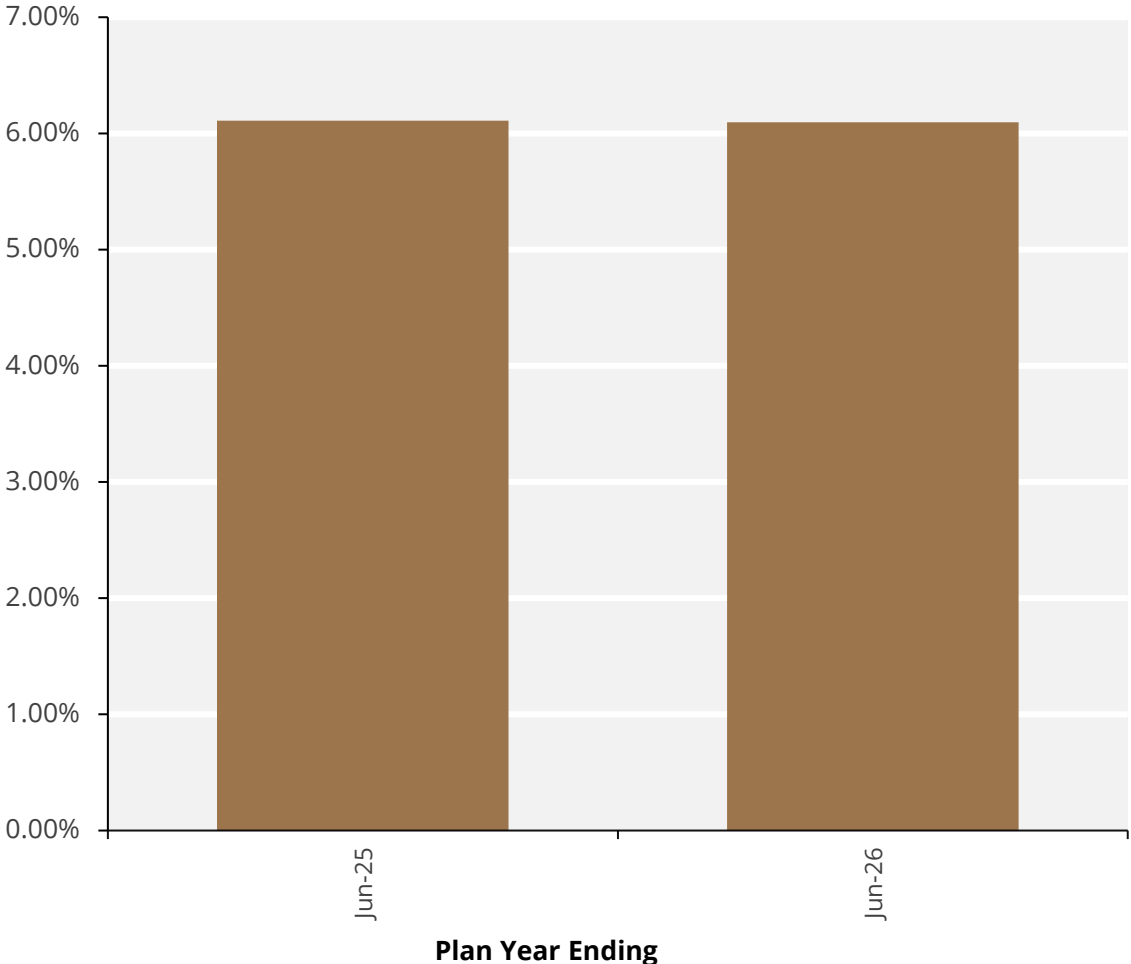
	Measurement Date June 30, 2022 Discount Rate: 4.09%	Measurement Date June 30, 2024 Discount Rate: 3.93%
Total OPEB Liability (TOL)	\$74,029,631	\$94,552,134
Fiduciary Net Position	\$1,037,059	\$1,221,660*
Net OPEB Liability (NOL)	\$72,992,572	\$93,330,474
Funded Ratio (%)	1.40%	1.29%
Actuarially Determined Contribution (ADC)	\$5,265,970	\$6,086,867
Annual Benefit Payments (Pay-as-you-Go)	\$1,417,134	\$1,752,513

*As of March 31, 2026, assets at \$1,445,394 (approx. ~1.53% funded assuming no change in TOL).

Rule of thumb: For every one percent change in the discount rate, the unfunded liability is affected by 10-12%

OPEB PLAN TOTAL RETURNS

AS OF MARCH 31, 2026



Year	Returns
Jun-25*	6.11%
Jun-26**	6.10%

Inception to Date (Annualized)
13.80%

*Plan Year Ending June 2025 is based on 2 months of activity.
 **Plan Year Ending June 2026 is based on 9 months of activity.

Returns are net of the embedded fund fees and gross of trustee and trust administrator fees

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value. Past performance does not guarantee future results. Performance returns are impacted by agency plan activity and may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.

The advisor to the PARS portfolios is U.S. Bank, and PFM Asset Management serves as sub-advisor to U.S. Bank to manage these portfolios. Please see important additional disclosures to the PARS portfolios included in the individual strategy information at the end of this presentation.

SUMMARY OF AGENCY'S PENSION PLAN

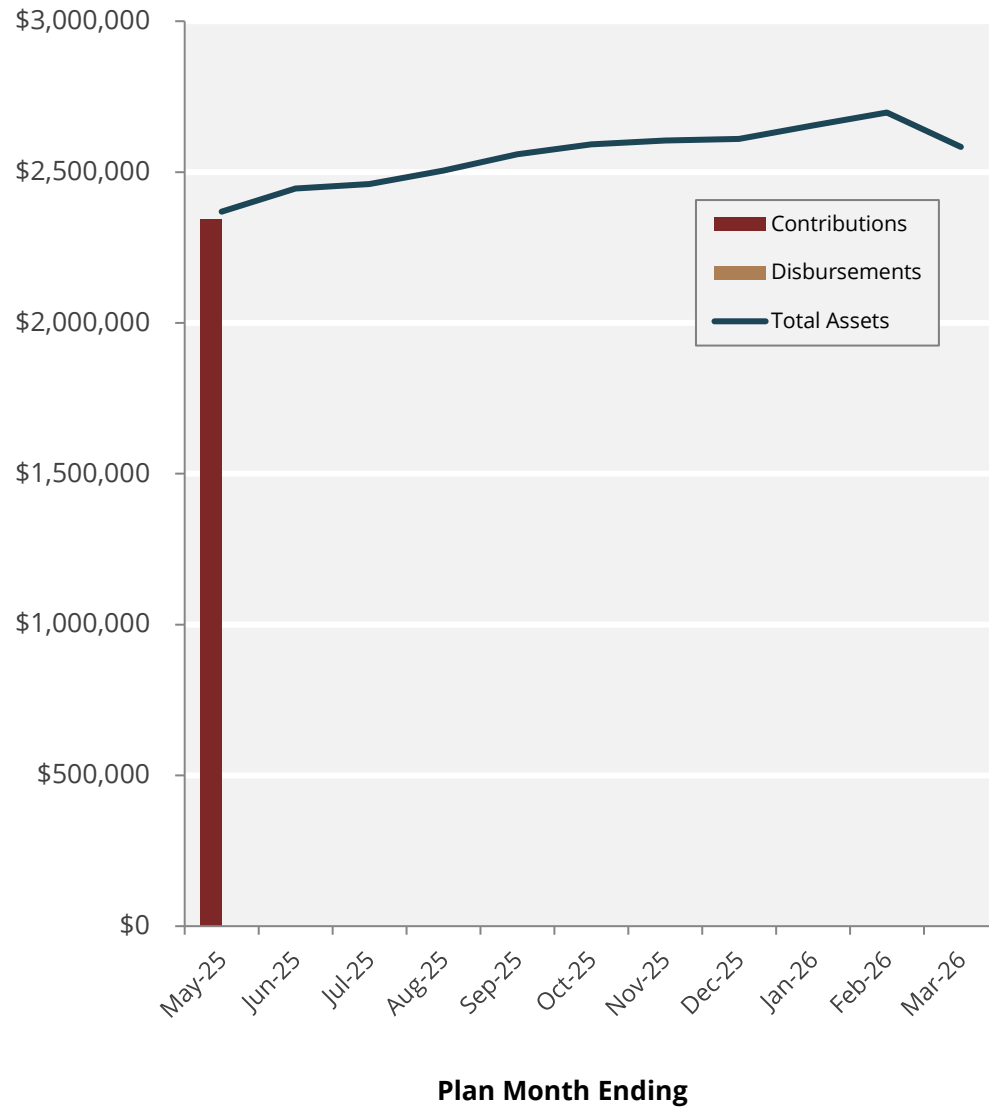
Plan Type:	IRC Section 115 Irrevocable Exclusive Benefit Trust
Trustee Approach:	Discretionary
Plan Effective Date:	January 14, 2025
Plan Administrator:	County Administrative Officer
Current Investment Strategy:	Balanced - Strategic Blend; Pooled Account

AS OF MARCH 31, 2026:

Initial Contribution:	May 2025: \$2,344,033
Additional Contributions:	\$0
Total Contributions:	\$2,344,033
Disbursements:	\$0
Net Investment Earnings:	\$238,856
Account Balance:	\$2,582,889

SUMMARY OF AGENCY'S PENSION PLAN

HISTORY OF CONTRIBUTIONS, DISBURSEMENTS, AND TOTAL ASSETS AS OF MARCH 31, 2026 :



Month	Contributions	Disbursements	Total Assets
May-25	\$2,344,033	\$0	\$2,368,686
Jun-25	\$0	\$0	\$2,445,502
Jul-25	\$0	\$0	\$2,459,784
Aug-25	\$0	\$0	\$2,504,609
Sep-25	\$0	\$0	\$2,559,376
Oct-25	\$0	\$0	\$2,591,641
Nov-25	\$0	\$0	\$2,604,175
Dec-25	\$0	\$0	\$2,610,315
Jan-26	\$0	\$0	\$2,654,294
Feb-26	\$0	\$0	\$2,697,249
Mar-26	\$0	\$0	\$2,582,889



PENSION FUNDING STATUS

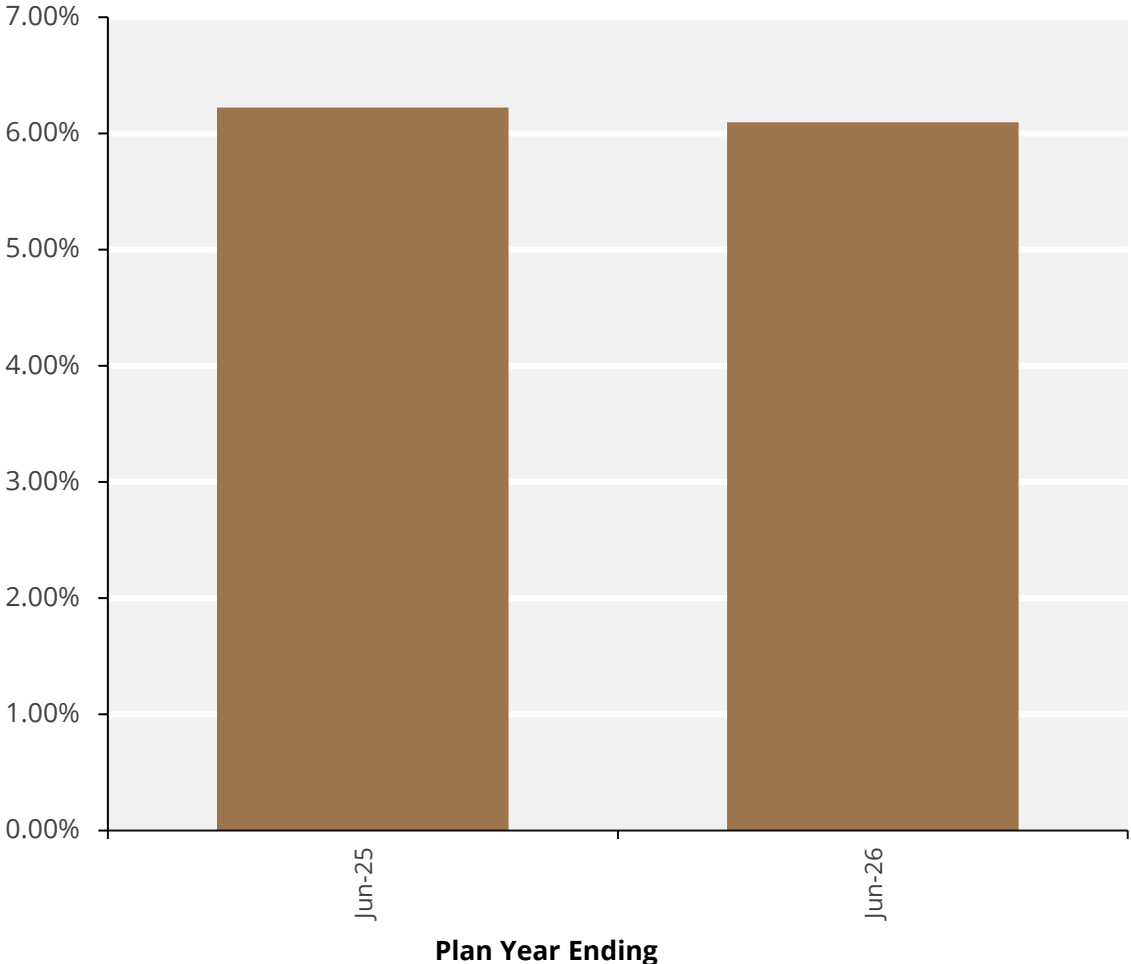
As of June 30, 2024, County of Del Norte’s CalPERS pension plan is funded as follows*:

Combined Miscellaneous & Safety Groups *	Valuation as of June 30, 2023	Valuation as of June 30, 2024	Change
Actuarial Liability	\$207.3 M	\$216.5 M	4.4% ↑
Assets	\$140.7 M	\$151.6 M	7.8% ↑
Unfunded Liability	\$66.6 M	\$64.9 M	2.6% ↓
Funded Ratio	67.9%	70.0%	3.2% ↑
Employer Contribution Amount	\$7.9 M (FY 24-25)	\$8.2 M (FY 25-26)	3.5% ↑
Employer Contribution Amount – Projected *	---	\$9.8 M (FY 31-32)	20.5% ↑

* Data through 2031-32 from Agency’s latest CalPERS actuarial valuation.

PENSION PLAN TOTAL RETURNS

AS OF MARCH 31, 2026



Year	Returns
Jun-25*	6.22%
Jun-26**	6.10%

Inception to Date (Annualized)
13.93%

*Plan Year Ending June 2025 is based on 2 months of activity.
 **Plan Year Ending June 2026 is based on 9 months of activity.

Returns are net of the embedded fund fees and gross of trustee and trust administrator fees

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INVESTMENT REVIEW



PARS OPEB and Pension Trust Balanced Strategic Blend

Investment Performance Review For the Quarter Ended March 31, 2026

Client Management Team

PFM Asset Management
A division of U.S. Bancorp Asset Management, Inc.

PFM Asset Management

1 California Street
Suite 1000
San Francisco, CA 94111

1735 Market Street
43rd Floor
Philadelphia, PA 19103

About PFM Asset Management*

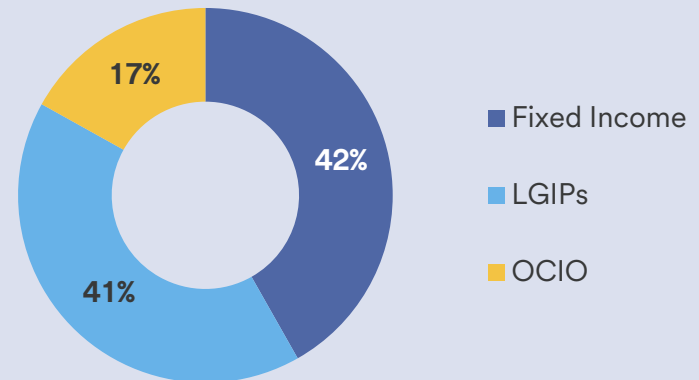
Our Investment Solutions

- **Outsourced Chief Investment Officer (OCIO):** Multi-asset class portfolios for institutional investors
- **Fixed Income:** High-quality, short- and intermediate-term portfolios for operating funds, reserves, working capital, self-insurance funds and bond proceeds
- **Local Government Investment Pools (LGIPs):** services for programs with options ranging from fully liquid cash management to a fixed-rate, fixed-term investment
- **Specialized Solutions:** Arbitrage rebate, escrow restructuring, bond proceeds investments, structured investments

40+ years of experience in the public sector**

\$177.2b in public sector assets under management**

Assets by Investment Solution¹



¹Illustrates public sector assets under management by investment solution as of December 31, 2025. Total may not add up to 100% due to rounding.

*A division of U.S. Bancorp Asset Management, Inc.

**As of December 31, 2025. Public sector includes government, pool, and TERM. Total assets under management for U.S. Bancorp Asset Management, Inc. were \$416.4 billion.

Financial Markets & Investment Strategy Review

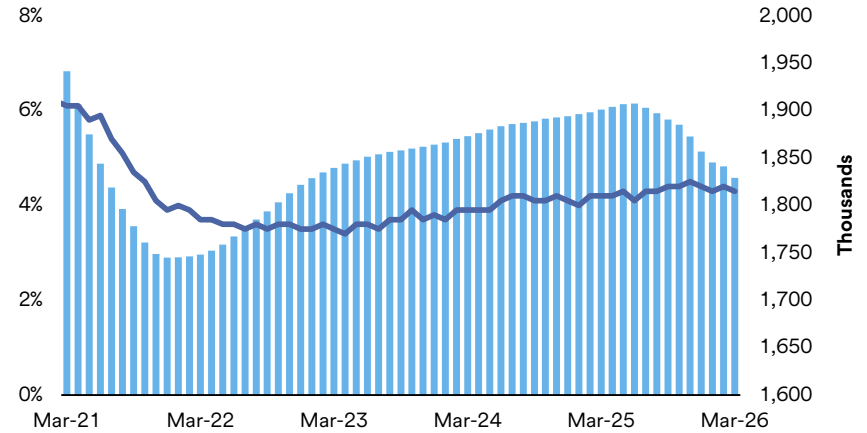
Index or Average Name	QTD	YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
DOMESTIC EQUITY							
S&P 500 (TR)	-4.33%	-4.33%	17.80%	18.30%	12.06%	14.43%	14.15%
Russell 3000	-3.96%	-3.96%	18.09%	17.84%	10.86%	13.80%	13.71%
Russell 1000 Growth	-9.78%	-9.78%	18.81%	21.16%	12.75%	16.95%	16.82%
Russell 1000	-4.18%	-4.18%	17.74%	18.12%	11.33%	14.15%	13.96%
Russell 1000 Value	2.10%	2.10%	15.87%	14.29%	9.42%	10.63%	10.57%
Russell Midcap	1.29%	1.29%	15.98%	13.32%	7.26%	10.51%	10.90%
Russell Midcap Growth	-6.35%	-6.35%	9.56%	12.73%	5.37%	10.27%	11.68%
Russell Midcap Value	3.68%	3.68%	17.62%	13.13%	7.94%	9.86%	9.75%
Russell 2000 Growth	-2.81%	-2.81%	23.58%	12.25%	1.62%	7.67%	9.78%
Russell 2000	0.89%	0.89%	25.72%	13.03%	3.77%	8.60%	9.88%
Russell 2000 Value	4.96%	4.96%	28.09%	13.78%	5.79%	9.07%	9.60%
INTERNATIONAL EQUITY							
MSCI EAFE	-1.24%	-1.24%	21.27%	13.60%	7.91%	8.85%	8.37%
MSCI AC World	-3.20%	-3.20%	20.01%	16.56%	9.48%	11.61%	11.33%
MSCI AC World ex USA	-0.71%	-0.71%	24.91%	14.48%	7.01%	8.50%	8.37%
MSCI AC World ex USA Small Cap	-0.48%	-0.48%	27.82%	13.66%	5.66%	8.43%	8.00%
MSCI EM (Emerging Markets)	-0.17%	-0.17%	29.55%	14.82%	3.69%	6.58%	7.79%
LISTED REAL ASSETS							
FTSE Nareit/Equity REITs - INV	4.80%	4.80%	6.84%	9.09%	5.81%	5.34%	5.57%
MSCI U.S. REIT INDEX	4.84%	4.84%	6.79%	9.12%	5.80%	5.37%	5.56%
MSCI World Core Infrastructure	7.82%	7.82%	16.11%	10.94%	7.17%	7.03%	8.41%
FIXED INCOME							
Bloomberg U.S. Aggregate	-0.05%	-0.05%	4.35%	3.63%	0.31%	1.56%	1.70%
Bloomberg U.S. Government/Credit	-0.20%	-0.20%	3.86%	3.41%	0.24%	1.65%	1.79%
Bloomberg U.S. Intermediate Government/Credit	-0.02%	-0.02%	4.41%	4.24%	1.33%	2.20%	2.04%
Bloomberg U.S. Treasury (1-3 Y)	0.27%	0.27%	3.77%	4.04%	1.82%	2.11%	1.77%
ICE BofA U.S. High Yield	-0.55%	-0.55%	6.90%	8.49%	4.19%	4.94%	6.05%
Bloomberg Global Aggregate	-1.07%	-1.07%	4.26%	2.59%	-1.46%	0.19%	0.58%
CASH EQUIVALENT							
Bloomberg 3 Month T-Bill	0.87%	0.87%	4.05%	4.80%	3.40%	2.76%	2.29%

Source: Investment Metrics. Returns are expressed as percentages. Please refer to the last page of this document for important disclosures relating to this material.

THE ECONOMY

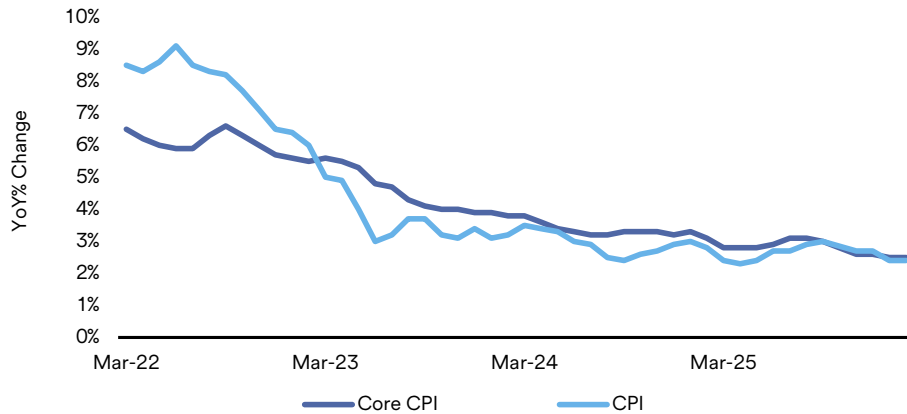
- U.S. real gross domestic product (GDP) grew at a seasonally adjusted annualized rate of 0.7% in the fourth quarter. This modest growth rate largely reflects the temporary effects of the government shutdown in October-November 2025 rather than a material deterioration in underlying private demand, and consumers continue to support growth. Real final sales to private domestic purchasers (the sum of consumer spending and gross private fixed investment) increased 1.9% during the quarter.
- The U.S. labor market saw an uneven start to the year, with 178k jobs added in March following a sharp drop in February and a moderate gain in January. The overall unemployment rate remained relatively stable, edging down to 4.3%, though part of the decline reflects workers leaving the workforce rather than an acceleration in hiring. Initial jobless claims ended the quarter at 202k (week ending March 28), near a two-year low, with continuing claims declining to approximately 1.8 million. Overall, there has been no meaningful increase in layoffs, consistent with a “low-hire, low-fire” environment.
- Inflation moderated in the first two months of the quarter. Headline inflation (CPI) increased 2.4% year-over-year (YoY) in February, the lowest level since May 2025. This moderating trend may encounter near-term pressure, as markets are pricing higher March inflation readings amid rising energy prices related to the conflict in the Middle East.

U.S. Unemployment and Monthly Average Continued Claims



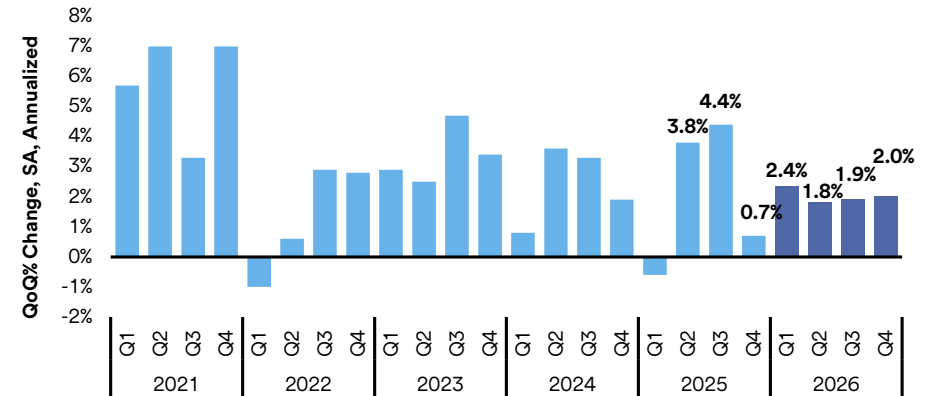
Source: Bloomberg.

U.S. Inflation Rate
Seasonally Adjusted (SA)



Source: Bureau of Labor Statistics.

U.S. GDP Growth

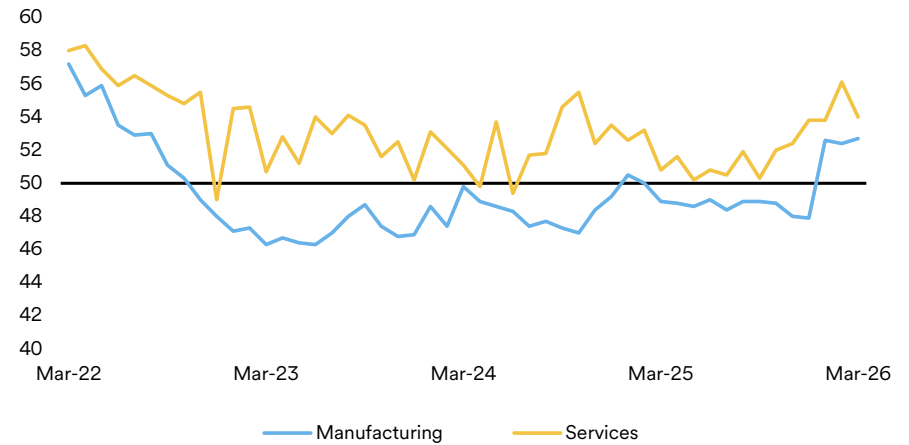


Source: Bloomberg. Light blue bars indicate actual numbers; dark blue bars indicate forecasted estimates.

WHAT WE'RE WATCHING

- The Federal Reserve (Fed) held rates steady in the first quarter amid persistent inflation pressures and muted net job creation. Looking ahead, the 2026 dot plot reflects expectations for one rate cut, though the outlook has become more uncertain, as geopolitical developments add complexity to the inflation path. Outside the U.S., the European Central Bank (ECB) and Bank of England (BOE) also held rates steady during the quarter, while markets continue to assess the likelihood of additional policy action in the months ahead.
- U.S. consumer sentiment, as measured by the University of Michigan Survey of Consumers, increased in the first two months of the quarter before retreating toward December levels, as higher gasoline prices and financial market volatility weighed on households' outlook.
- The first quarter was marked by an escalation of geopolitical conflict involving Iran, which remains an important risk factor for the global economy. Rising energy and commodity prices have increased uncertainty around the duration and magnitude of inflationary pressures. If disruptions to energy and commodity supply chains persist or intensify, risks to global growth could increase, including a higher probability of recession in energy-importing regions.

U.S. ISM Manufacturing & Services PMI



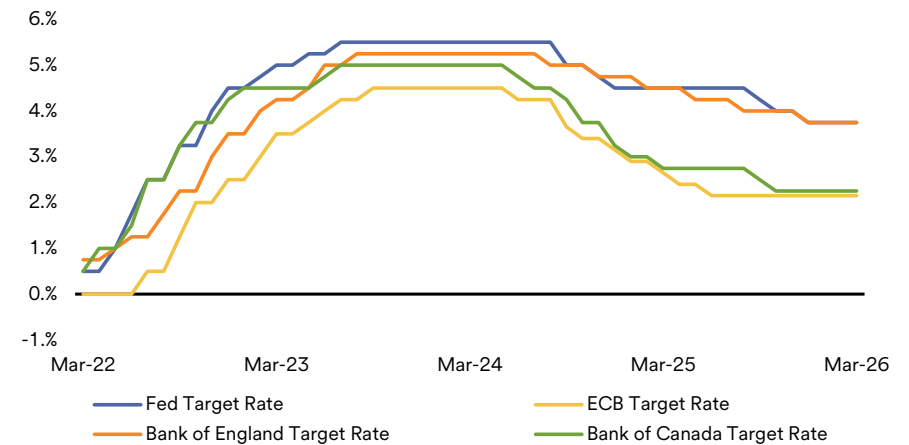
Source: Bloomberg.

University of Michigan Consumer Sentiment



Source: Bloomberg.

Global Central Bank Rates

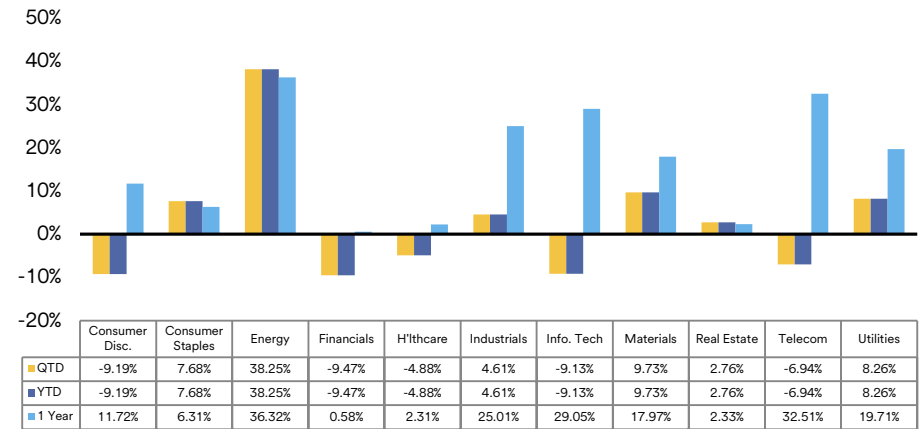


Source: Bloomberg.

DOMESTIC EQUITY

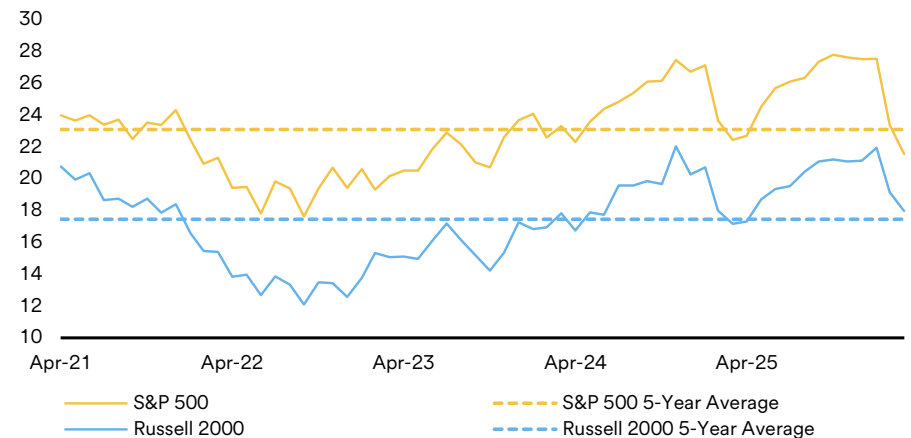
- Domestic equity markets, as represented by the S&P 500 Index (S&P) and the Russell 3000 Index, declined in the first quarter, returning -4.3% and -4.0%, respectively. This marked the weakest quarterly performance since 2022, as the geopolitical conflict involving Iran and continued volatility related to artificial intelligence exposure weighed on returns. Following the escalation of the conflict in late February, both indices declined -5.0% during the month of March.
- Within the S&P 500, performance varied widely across sectors, with six of the 11 posting positive returns for the quarter. Energy was the strongest performing sector, returning 38.2%, as supply disruptions contributed to higher prices. Materials (9.7%) and Utilities (8.3%) also posted solid gains. Consumer Discretionary declined -9.2%, while Financials lagged all sectors, posting a return of -9.5%.
- Large-cap stocks, as represented by the Russell 1000 Index, returned -4.2% during the quarter, as the “Magnificent Seven” experienced double-digit declines (-12.0%). Mid- and small-cap stocks outperformed large caps, with the Russell Midcap and Russell 2000 indices, returning 1.3% and 0.9%, respectively. Value stocks outperformed growth stocks across all capitalizations.
- According to FactSet Earnings Insight as of April 2, 2026, analysts project earnings growth of 13.2% for the first quarter of 2026, up from an initial estimate of 12.8% in December. If realized, this would represent the sixth consecutive quarter of double-digit, YoY earnings growth. Revenue is also expected to grow, with YoY revenue growth currently estimated at 9.7%, the highest rate since 2022. For calendar year 2026, analysts project earnings growth of 17.4%.
- At quarter end, the S&P 500’s 12-month adjusted positive forward price-to-earnings (P/E) ratio (includes only positive earnings results for consistency) stood at 21.6 — below its five-year average of 23.1 — as equity prices declined in March while earnings expectations remained elevated. The Russell 2000 Index, which represents small-cap stocks, posted an adjusted positive forward P/E ratio of 18.0, slightly above its five-year average of 17.5.

S&P 500 Index Performance by Sector
Periods Ended March 31, 2026



Source: Bloomberg.

P/E Ratios of Major Stock Indices*



Source: Bloomberg.

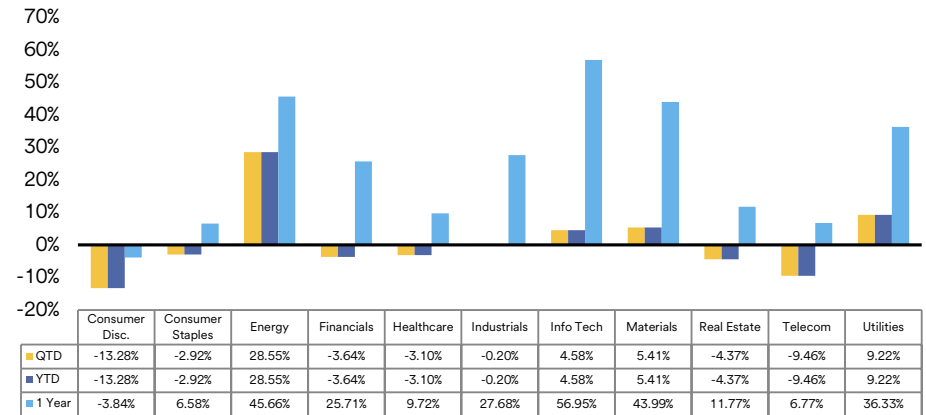
*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

INTERNATIONAL EQUITY

- Markets outside of the United States, as measured by the MSCI ACWI ex-U.S. Index, also saw the impacts of the conflict in the Middle East, which posted a return of -0.7% for the first quarter, as sharp declines in March offset gains recorded earlier in the year. During March alone, the index returned -10.8%.
- Four of the 11 sectors posted positive returns for the quarter. As in the U.S., Energy (28.5%), Utilities (9.2%) and Materials (5.4%) led performance. The weakest sectors were Real Estate (-4.4%), Communication Services (-9.5%), and Consumer Discretionary (-13.3%).
- Developed ex-U.S. markets, as represented by the MSCI EAFE Index, and emerging markets (EM), as represented by the MSCI Emerging Markets Index, returned -1.2% and -0.2%.
- Among the five largest-weighted countries in the MSCI EAFE Index, the MSCI United Kingdom (2.0%) and MSCI Japan (1.4%), indices outperformed the broader index, while MSCI Switzerland (-4.2%), MSCI France (-5.4%), and MSCI Germany (-8.5%) indices underperformed.
- Within EM, MSCI Korea (16.5%), MSCI Taiwan (9.1%), and MSCI Brazil (19.1%) outperformed the MSCI Emerging Markets index, while MSCI China (-8.9%) and MSCI India (-18.1%) underperformed with notable negative returns. While Korea and Taiwan's posted positive quarterly returns, this is due to extremely strong gains earlier in the quarter which offset pronounced losses in March (-25.5% and -13.0%, respectively)
- Value stocks outperformed growth stocks for the quarter as represented by the broad benchmarks. The MSCI AC World ex-USA Growth Index returned -3.6%, while the MSCI AC World ex-USA Value Index returned 2.1%. Within EM, value stocks (MSCI EM Value) returned 0.7% versus -1.7% for growth. Small-cap stocks, as represented by the MSCI ACWI ex-U.S. Small Cap Index, declined -0.5%.
- Equity valuations increased across both emerging and developed markets and now sit modestly above long-term averages. At quarter end, the MSCI EAFE's adjusted positive forward P/E ratio stood at 15.9, above its five-year average of 15.3. The MSCI Emerging Markets Index ended the quarter at an adjusted positive forward P/E ratio of 11.7, below its five-year average of 13.0.

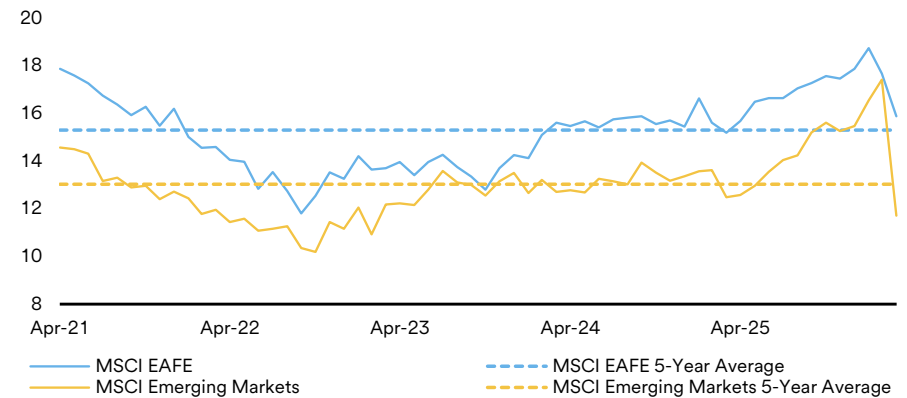
MSCI ACWI ex-U.S. Sectors

Periods Ended March 31, 2026



Source: Bloomberg.

P/E Ratios of MSCI Equity Indices*



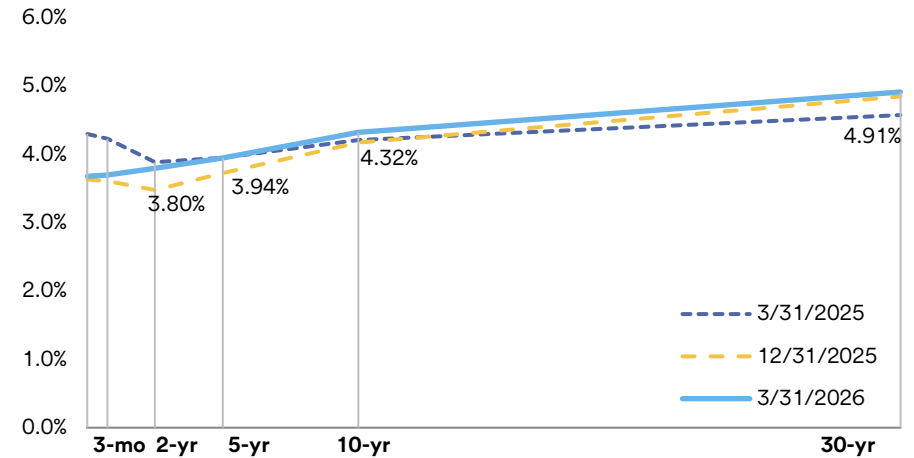
Source: Bloomberg.

*P/E ratios are calculated based on one-year forward estimates and adjusted to include only positive earnings results for consistency.

FIXED INCOME

- The U.S. bond market, as represented by the Bloomberg U.S. Aggregate Index, returned -0.1% in the first quarter of 2026. Performance was weighed down by declines in March (-1.8%), as bonds failed to provide diversification benefits during the sell-off amid near-term inflation concerns. Interest-rate volatility increased over the quarter, with the ICE BofA Move Index rising to a nine-month high, reflecting uncertainty surrounding the duration of the geopolitical conflict involving Iran.
- The Bloomberg U.S. Treasury Index also finished the quarter little changed, declining -4 basis points (bps). While the Fed held rates steady, Treasury yields moved higher as investors reassessed the expected timing and pace of future rate cuts. The 30-year Treasury yield rose 7 bps to 4.9%, while the 2-year Treasury rose 32 bps to 3.8%.
- Corporate credit generated negative returns across the quality spectrum. The Bloomberg U.S. Corporate Investment Grade Index declined -0.5%, while the ICE BofA High Yield Index returned -0.6%. Credit spreads widened for both investment-grade and high-yield corporates and now sit above their respective 10-year averages. Despite near-term pressure, corporate fundamentals remain supported by elevated profit margins, ongoing share repurchases, and continued merger and acquisitions activity. AI-related corporate debt issuance across corporate bonds and bank loans space has drawn increased investor attention during the quarter, reflecting continuing financing demand among technology-oriented issuers.

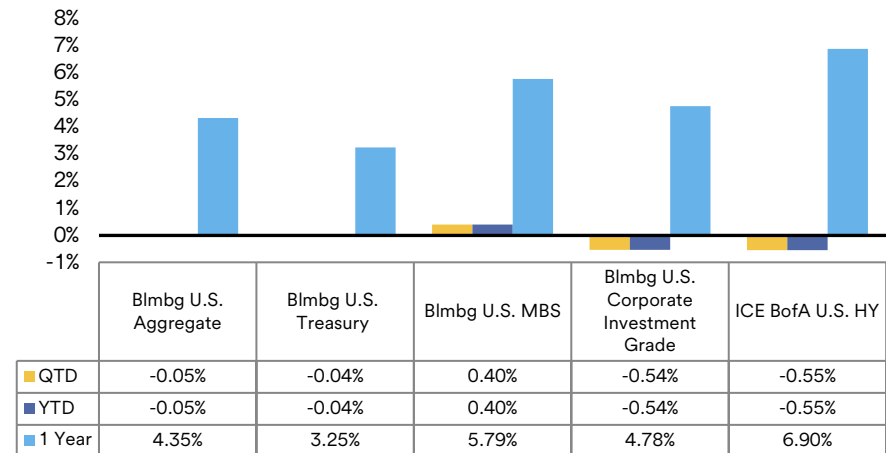
U.S. Treasury Yield Curve



Source: Bloomberg.

Returns for Fixed-Income Segments

Periods Ended March 31, 2026

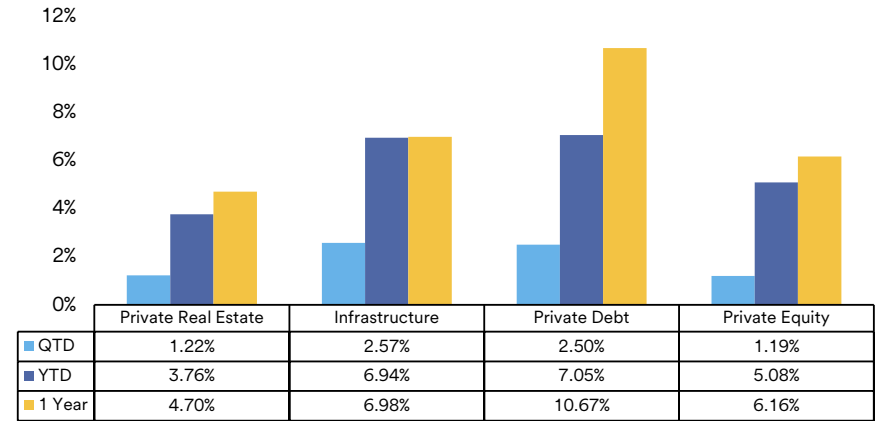


Source: Bloomberg.

ALTERNATIVES

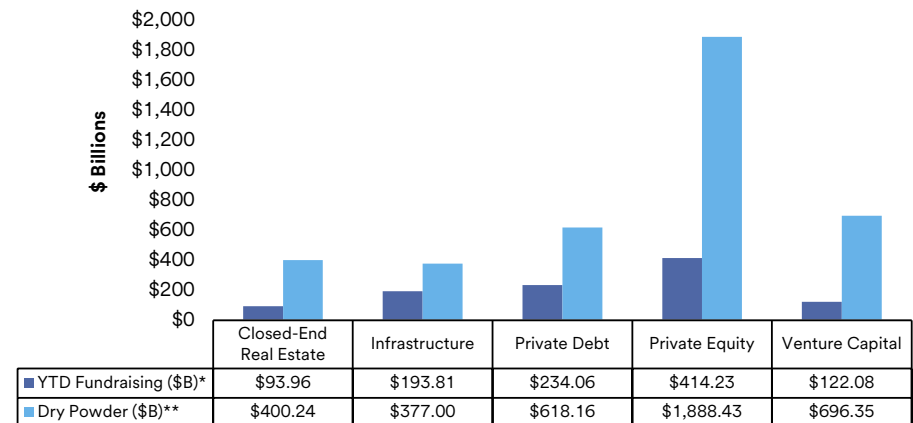
- Real estate investment trusts (REITs), as measured by the MSCI U.S. REITs Index, returned 4.8% in the first quarter of 2026. Private real estate, as measured by the NCREIF Property Index, gained 1.2% in the third quarter of 2025, marking the fourth consecutive quarter of positive total returns, driven primarily by income, with modest property appreciation also contributing. Senior Housing was the strongest-performing property type, returning 2.9%, while Office posted a modest gain of 0.9%.
- Listed infrastructure, as represented by the MSCI World Core Infrastructure Index, returned 7.8% in the first quarter of 2026. According to PitchBook, private infrastructure funds posted returns of 2.6% in the third quarter of 2025, generating an annualized return of 10.9% over the five years ended Q3 2025. By the end of the fourth quarter of 2025, 60 private infrastructure funds had raised \$193.8 billion, with the majority of the capital flowing to larger-scale strategies focused on long-term demand themes, including artificial intelligence.
- By the end of 2025, 200 private debt funds had raised \$234.1 billion, with capital increasingly concentrated among fewer, larger funds. Private debt dry powder remained elevated at \$618.2 billion as of June 30, 2025. According to Cliffwater, while performance remains positive, returns have moderated, with private debt funds posting a return of 2.5% in the third quarter of 2025. The asset class has generated an annualized return of 10.5% over the past five years.
- Private equity fundraising slowed further in 2025, with 578 private equity funds having raised \$414.2 billion, marking the weakest annual fundraising environment since 2020. Despite this slowdown, global private equity dry powder — which accounts for the bulk of private capital dry powder — remains elevated at \$1.9 trillion as of June 30, 2025. Lower borrowing costs could support exit activity and fundraising in 2026, although sustained geopolitical uncertainty poses an ongoing risk. According to PitchBook, private equity funds returned 1.2% in the third quarter of 2025 and have generated an annualized return of 14.2% for the five years.

Returns for Private Capital Assets



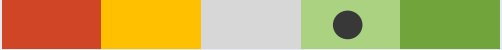

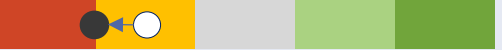


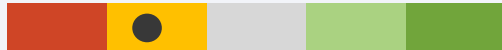
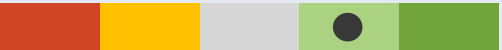

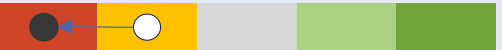
Source: NCREIF, PitchBook, Cliffwater.
As of September 30, 2025, the most recent period for which all index data is available.

Private Capital Fundraising & Dry Powder



Sources: Pitchbook.
* Total capital raised in 2025 as of December 31, 2025 - most recent period for which ALL fundraising data is available.
** Cumulative dry powder as of June 30, 2025 except Infrastructure dry powder which is as of March 31, 2025.

Factors to Consider Over the Next 6-12 Months

<p>Monetary Policy (Global):</p>  <ul style="list-style-type: none"> • The Fed held rates steady in Q1 amid persistent inflation pressures and limited net job creation. • The “dot plot” projects 25 bps of rate cuts in both 2026 and 2027; however, this is predicated on inflation progress. • Global central banks remained on pause in Q1, but recent inflation pressures may necessitate hikes. 	<p>Economic Growth (Global):</p>  <ul style="list-style-type: none"> • Stable consumer and business spending support growth, offsetting the weakness seen from the U.S. government shutdown in Q4 GDP. • Risks to global growth prospects have increased amid the escalating conflict due to higher energy prices, supply-chain disruptions, and increased uncertainty. 	<p>Inflation (U.S.):</p>  <ul style="list-style-type: none"> • The inflation outlook depends on the duration of the Middle East conflict and degree to which higher energy and commodity costs raise core goods and services prices. • Near-term inflation expectations have increased due to the higher energy prices while long-run expectations remain anchored.
<p>Financial Conditions (U.S.):</p>  <ul style="list-style-type: none"> • The conflict in the Middle East has tightened financial conditions. The duration of the conflict and its impact on the economy will be a key driver of corporate fundamentals. • Geopolitical conflict, higher energy prices, and the evolution of the economy are key risks to watch. At this time, we view volatility in private credit as contained and not a systemic risk. 	<p>Consumer Spending (U.S.):</p>  <ul style="list-style-type: none"> • Wage growth continues to exceed inflation, but this gap has narrowed. Energy shocks may compress real incomes and reduce discretionary spending. • Lower-income cohorts remained more exposed to higher energy prices as a larger share of household budgets are allocated to essentials. • Higher-income cohorts benefit from strong equity markets and home prices. 	<p>Labor Markets (U.S.):</p>  <ul style="list-style-type: none"> • Labor market conditions continued to cool with net new job creation close to zero. • The Fed has framed the combination of limited job growth and a stable unemployment rate as an uncomfortable balance. • Initial jobless claims and layoff rates remain low, consistent with a continued “low-hire/low-fire” environment.
<p>Corporate Fundamentals:</p>  <ul style="list-style-type: none"> • Earnings growth expectations are positive across global equities with double digit growth expected across U.S. and international equity benchmarks. • In the U.S., M&A and capital spending pickup, tax changes and rate cuts are positives while any energy and commodity related cost pressure impact needs to be monitored. 	<p>Valuations:</p>  <ul style="list-style-type: none"> • Recent sell-off has led to improvement in valuations across U.S. equities and credit markets. • Resilient growth, strong earnings growth and profit margins are supportive of the current valuations. • Any prolonged disruption to energy or elevated geopolitical uncertainty warrant caution. 	<p>Political/Policy Risks:</p>  <ul style="list-style-type: none"> • Conflict with Iran and the ongoing geopolitical uncertainty are impacting risk assets negatively. We expect geopolitical uncertainty to remain elevated in the near-term. • Tariff-related uncertainty and upcoming mid-term elections in the U.S. also warrant attention.

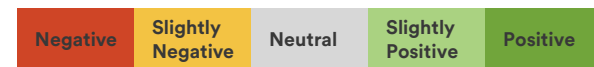


Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2026) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, we cannot guarantee its accuracy, completeness, or suitability.

Investment Strategy Overview

Asset Class	Our Q2 2026 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> The duration of U.S.-Iran conflict and its impact on energy supply will impact inflation and growth, rates, and market returns near-term but we expect impact to be more muted in the U.S. Underlying fundamentals still supportive of positive equity returns, with economic growth still intact and corporate earnings expected to grow at a high double-digit pace. Resilient economic growth, ongoing consumer strength, expected rate cuts, equity market broadening and strong earnings growth led us to modestly overweight domestic small caps in Q1, prior to the U.S.-Iran conflict. The recent pullback has improved attractiveness of valuations relative to historical averages. We maintain the overweight despite elevated uncertainty.
Large-Caps		
Small-Caps		
Non-U.S. Equities		<ul style="list-style-type: none"> International equities are at a higher risk of pullback if energy prices remain elevated. Major central banks outside the U.S. are now expected to hike two to three times this year as near-term inflation pressures rise, reversing earlier expectations for rate cuts. Energy-importing developed and emerging market economies are more vulnerable to higher energy prices, leading us to remain neutral. Tariff-related uncertainty also remains a headwind as alternative tariff mechanisms are considered.
Developed Markets		
Emerging Markets		
Fixed Income		<ul style="list-style-type: none"> The Fed held rates steady at its March meeting, while the conflict-driven inflation outlook has increased uncertainty around rate cuts. Our base case is that Fed's next move is a cut rather than a hike. We continue to monitor increased volatility across fixed income yields. Absolute yield levels look attractive. Credit spreads have widened slightly. Strong profit margins, continued issuance, continued buybacks and ongoing M&A activity points to healthy corporate sentiment. We remain neutral across duration and credit sectors.
Core Bonds		
Investment Grade Credit		
High Yield Credit		
Diversifying Assets		<ul style="list-style-type: none"> Listed REITs and listed global infrastructure outperformed domestic and global equities respectively during the March pullback, highlighting their diversification benefits. In addition to diversified sources of return, improving AI sentiment continues to support data center and utilities buildout as a tailwind for listed real assets.
Listed Real Estate		
Listed Global Infrastructure		

● Current outlook ○ Outlook one quarter ago



The view expressed within this material constitute the perspective and judgment of PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc., at the time of distribution (March 31, 2026) and are subject to change.

SOURCES

Factset

<https://www.bea.gov/sites/default/files/2024-12/gdp3q24-3rd-fax.pdf>

<https://www.bls.gov/news.release/pdf/empst.pdf>

<https://www.bls.gov/news.release/pdf/cpi.pdf>

<http://www.sca.isr.umich.edu/>

NCREIF

PitchBook

Cliffwater

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Plan Performance Summary

Asset Allocation & Performance

	Allocation		Performance(%)							Inception Date
	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	
Total Portfolio	100.00	-0.99	-0.99	12.66	11.15	5.69	7.72	7.94	7.87	10/01/2015
<i>Blended Benchmark</i>		<i>-1.11</i>	<i>-1.11</i>	<i>13.22</i>	<i>11.25</i>	<i>6.09</i>	<i>8.08</i>	<i>8.11</i>	<i>8.18</i>	
Domestic Equity	37.64	-4.49	-4.49	17.46	16.87	9.53	12.45	12.84	12.65	10/01/2015
<i>Russell 3000 Index</i>		<i>-3.96</i>	<i>-3.96</i>	<i>18.09</i>	<i>17.85</i>	<i>10.87</i>	<i>13.81</i>	<i>13.72</i>	<i>13.78</i>	
Columbia Contrarian Core Inst3	7.57	-5.61	-5.61	16.41	18.55	11.40	14.77	13.66	14.68	02/01/2024
<i>S&P 500</i>		<i>-4.33</i>	<i>-4.33</i>	<i>17.80</i>	<i>18.32</i>	<i>12.06</i>	<i>14.44</i>	<i>14.16</i>	<i>16.28</i>	
Putnam Core Equity Fund Y	3.23	-5.13	-5.13	16.89	19.14	12.13	15.60	15.05	9.13	10/01/2024
Schwab US Large-Cap ETF	23.29	-4.38	-4.38	17.63	18.25	11.41	14.20	14.03	10.03	10/01/2024
<i>S&P 500</i>		<i>-4.33</i>	<i>-4.33</i>	<i>17.80</i>	<i>18.32</i>	<i>12.06</i>	<i>14.44</i>	<i>14.16</i>	<i>10.08</i>	
PIMCO RAE US Small Cap Fund	1.81	1.03	1.03	17.26	16.09	10.76	13.53	12.52	1.03	01/01/2026
<i>Russell 2000 Value Index</i>		<i>4.96</i>	<i>4.96</i>	<i>28.09</i>	<i>13.80</i>	<i>5.79</i>	<i>9.08</i>	<i>9.61</i>	<i>4.96</i>	
<i>Russell 2000 Index</i>		<i>0.89</i>	<i>0.89</i>	<i>25.72</i>	<i>13.05</i>	<i>3.77</i>	<i>8.60</i>	<i>9.88</i>	<i>0.89</i>	
Columbia Small Cap Growth Inst3	0.86	-3.80	-3.80	33.65	18.47	2.19	12.20	14.98	14.12	10/01/2024
<i>Russell 2000 Growth Index</i>		<i>-2.81</i>	<i>-2.81</i>	<i>23.58</i>	<i>12.27</i>	<i>1.62</i>	<i>7.68</i>	<i>9.79</i>	<i>7.66</i>	
<i>Russell 2000 Index</i>		<i>0.89</i>	<i>0.89</i>	<i>25.72</i>	<i>13.05</i>	<i>3.77</i>	<i>8.60</i>	<i>9.88</i>	<i>9.25</i>	
Emerald Growth Institutional	0.87	-0.63	-0.63	49.64	21.43	7.20	11.66	13.36	24.96	02/01/2024
<i>Russell 2000 Growth Index</i>		<i>-2.81</i>	<i>-2.81</i>	<i>23.58</i>	<i>12.27</i>	<i>1.62</i>	<i>7.68</i>	<i>9.79</i>	<i>13.14</i>	
<i>Russell 2000 Index</i>		<i>0.89</i>	<i>0.89</i>	<i>25.72</i>	<i>13.05</i>	<i>3.77</i>	<i>8.60</i>	<i>9.88</i>	<i>13.70</i>	
International Equity	18.06	1.60	1.60	23.67	13.53	5.82	8.43	8.42	8.10	10/01/2015
<i>MSCI AC World ex USA (Net)</i>		<i>-0.71</i>	<i>-0.71</i>	<i>24.91</i>	<i>14.49</i>	<i>7.02</i>	<i>8.50</i>	<i>8.38</i>	<i>8.25</i>	
MFS International Growth R6	2.72	-3.48	-3.48	12.22	10.40	6.34	8.70	9.47	12.40	02/01/2024
<i>MSCI AC World ex USA (Net)</i>		<i>-0.71</i>	<i>-0.71</i>	<i>24.91</i>	<i>14.49</i>	<i>7.02</i>	<i>8.50</i>	<i>8.38</i>	<i>16.85</i>	
Fidelity International Index	7.27	0.95	0.95	23.40	14.60	8.59	9.39	8.82	16.66	07/01/2024
<i>MSCI EAFE (net)</i>		<i>-1.24</i>	<i>-1.24</i>	<i>21.27</i>	<i>13.62</i>	<i>7.91</i>	<i>8.86</i>	<i>8.38</i>	<i>15.01</i>	
Goldman Sachs GQG Ptnrs Intl Opportunities	2.75	4.76	4.76	16.97	16.14	9.70	11.68	N/A	8.18	07/01/2024
<i>MSCI AC World ex USA (Net)</i>		<i>-0.71</i>	<i>-0.71</i>	<i>24.91</i>	<i>14.49</i>	<i>7.02</i>	<i>8.50</i>	<i>8.38</i>	<i>16.82</i>	
Fidelity Emerging Markets Index Fund	5.33	3.44	3.44	33.31	15.83	4.08	6.89	8.00	18.10	08/01/2025
<i>MSCI EM (net)</i>		<i>-0.17</i>	<i>-0.17</i>	<i>29.55</i>	<i>14.84</i>	<i>3.69</i>	<i>6.59</i>	<i>7.80</i>	<i>13.47</i>	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Asset Allocation & Performance

	Allocation		Performance(%)							
	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception	Inception Date
Other Growth	5.91	5.79	5.79	12.39	N/A	N/A	N/A	N/A	11.03	02/01/2024
Cohen & Steers Inst Realty Shares	2.97	3.65	3.65	3.58	7.70	4.80	6.14	6.46	8.43	06/01/2024
<i>MSCI US REIT Index</i>		4.84	4.84	6.79	9.13	5.80	5.37	5.56	10.98	
Lazard Global Listed Infrastructure Inst	1.52	6.96	6.96	24.41	14.47	12.36	10.24	10.11	19.01	10/01/2024
<i>MSCI World Core Infrastructure Index (Net)</i>		7.82	7.82	16.11	10.95	7.17	7.03	8.41	11.07	
NYLI CBRE Global Infrastructure	1.42	8.88	8.88	18.61	11.12	7.96	8.04	8.64	15.67	06/01/2024
<i>FTSE Global Core Infrastructure 50/50 Index (Net)</i>		8.14	8.14	17.98	11.25	7.77	7.00	7.71	14.83	
Fixed Income	36.13	-0.01	-0.01	4.69	4.51	1.02	2.09	2.28	2.38	10/01/2015
<i>Blmbg. U.S. Aggregate</i>		-0.05	-0.05	4.35	3.63	0.31	1.56	1.70	1.85	
Baird Aggregate Bond Inst	10.19	-0.06	-0.06	4.35	4.12	0.55	1.93	2.12	5.06	03/01/2024
iShares Core US Aggregate Bond ETF	8.61	0.04	0.04	4.35	3.63	0.31	1.54	1.67	4.89	03/01/2024
<i>Blmbg. U.S. Aggregate</i>		-0.05	-0.05	4.35	3.63	0.31	1.56	1.70	4.89	
Dodge & Cox Income	5.44	0.04	0.04	5.34	4.99	1.58	2.89	3.11	4.89	02/01/2024
PGIM Total Return Bond R6	5.51	0.02	0.02	4.89	5.08	1.06	2.19	2.69	4.85	02/01/2024
<i>Blmbg. U.S. Aggregate</i>		-0.05	-0.05	4.35	3.63	0.31	1.56	1.70	4.01	
Voya Intermediate Bond	3.64	0.02	0.02	4.78	4.74	0.79	2.14	2.43	4.40	05/01/2025
<i>Blmbg. U.S. Aggregate</i>		-0.05	-0.05	4.35	3.63	0.31	1.56	1.70	3.94	
NYLI MacKay High Yield Corp Bond Fund	2.73	-0.21	-0.21	5.62	7.25	4.24	4.88	5.85	6.38	02/01/2024
<i>ICE BofA US High Yield Index</i>		-0.55	-0.55	6.90	8.50	4.19	4.94	6.05	7.40	
Cash Equivalent	2.26	0.89	0.89	4.05	4.59	3.25	2.58	2.11	2.02	10/01/2015
<i>ICE BofA 3 Month U.S. T-Bill</i>		0.85	0.85	4.00	4.74	3.34	2.72	2.26	2.16	
First American Government Obligation - X	2.26	0.89	0.89	4.05	4.75	3.36	2.67	N/A	4.55	02/01/2024
<i>ICE BofA 3 Month U.S. T-Bill</i>		0.85	0.85	4.00	4.74	3.34	2.72	2.26	4.55	

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Calendar Year Comparative Performance

	Performance(%)							
	2025	2024	2023	2022	2021	2020	2019	2018
Total Portfolio	13.48	11.04	15.14	-14.89	11.36	13.46	18.61	-4.50
<i>Blended Benchmark</i>	13.46	11.61	15.19	-14.58	12.54	13.07	19.78	-4.18
Domestic Equity	17.18	21.65	24.79	-19.00	23.37	18.54	29.23	-6.15
<i>Russell 3000 Index</i>	17.15	23.81	25.96	-19.21	25.66	20.89	31.02	-5.24
Columbia Contrarian Core Inst3	17.51	23.51	32.21	-18.45	24.45	22.44	33.08	-8.81
Putnam Core Equity Fund Y	17.31	26.47	27.99	-15.87	30.75	17.66	32.50	-7.91
Schwab US Large-Cap ETF	17.42	24.90	26.86	-19.44	26.74	20.90	31.40	-4.52
<i>S&P 500</i>	17.88	25.02	26.29	-18.11	28.71	18.40	31.49	-4.38
PIMCO RAE US Small Cap Fund	6.29	22.08	20.06	-4.64	40.37	6.88	20.22	-11.66
<i>Russell 2000 Value Index</i>	12.59	8.05	14.65	-14.48	28.27	4.63	22.39	-12.86
<i>Russell 2000 Index</i>	12.81	11.54	16.93	-20.44	14.82	19.96	25.53	-11.01
Columbia Small Cap Growth Inst3	21.86	24.45	26.39	-36.51	-2.54	70.41	41.18	-1.92
Emerald Growth Institutional	31.95	19.41	19.06	-24.50	4.04	38.85	28.70	-11.57
<i>Russell 2000 Growth Index</i>	13.01	15.15	18.66	-26.36	2.83	34.63	28.48	-9.31
<i>Russell 2000 Index</i>	12.81	11.54	16.93	-20.44	14.82	19.96	25.53	-11.01
International Equity	29.46	4.22	13.98	-15.85	4.75	14.36	23.80	-15.41
<i>MSCI AC World ex USA (Net)</i>	32.39	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20
MFS International Growth R6	21.23	9.24	14.96	-15.02	9.65	15.82	27.31	-8.79
<i>MSCI AC World ex USA (Net)</i>	32.39	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20
Fidelity International Index	31.96	3.71	18.31	-14.24	11.45	8.17	22.00	-13.52
<i>MSCI EAFE (net)</i>	31.22	3.82	18.24	-14.45	11.26	7.82	22.01	-13.79
Goldman Sachs GQG Pttrs Intl Opportunities	20.84	5.99	21.25	-11.10	12.49	15.77	27.64	-6.04
<i>MSCI AC World ex USA (Net)</i>	32.39	5.53	15.62	-16.00	7.82	10.65	21.51	-14.20
Fidelity Emerging Markets Index Fund	33.94	6.80	9.50	-20.07	-3.04	17.82	18.26	-14.63
<i>MSCI EM (net)</i>	33.57	7.50	9.83	-20.09	-2.54	18.31	18.42	-14.57

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Calendar Year Comparative Performance

	Performance(%)							
	2025	2024	2023	2022	2021	2020	2019	2018
Other Growth	11.29	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Cohen & Steers Inst Realty Shares	3.09	6.24	12.72	-24.73	42.47	-2.57	33.01	-3.99
<i>MSCI US REIT Index</i>	2.95	8.75	13.74	-24.51	43.06	-7.57	25.84	-4.57
Lazard Global Listed Infrastructure Inst	23.86	6.71	10.89	-1.30	19.87	-4.48	22.26	-3.73
<i>MSCI World Core Infrastructure Index (Net)</i>	15.85	5.73	4.01	-7.93	17.13	-0.80	26.64	-2.66
NYLI CBRE Global Infrastructure	15.55	7.68	3.96	-6.08	15.22	1.17	28.46	-6.56
<i>FTSE Global Core Infrastructure 50/50 Index (Net)</i>	14.36	9.53	2.21	-4.87	14.88	-4.06	25.13	-3.99
Fixed Income	7.56	2.22	6.91	-12.23	-0.72	7.27	8.22	-0.42
<i>Blmbg. U.S. Aggregate</i>	7.30	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01
Baird Aggregate Bond Inst	7.36	1.85	6.43	-13.35	-1.46	8.63	9.48	-0.30
iShares Core US Aggregate Bond ETF	7.19	1.37	5.59	-13.06	-1.67	7.42	8.68	-0.05
Dodge & Cox Income	8.32	2.26	7.70	-10.86	-0.91	9.45	9.73	-0.31
PGIM Total Return Bond R6	7.79	3.03	7.78	-14.86	-1.15	8.10	11.13	-0.63
Voya Intermediate Bond	7.62	2.93	7.07	-14.16	-0.99	8.22	10.06	-0.25
<i>Blmbg. U.S. Aggregate</i>	7.30	1.25	5.53	-13.01	-1.55	7.51	8.72	0.01
NYLI MacKay High Yield Corp Bond Fund	7.10	7.14	11.97	-7.81	5.35	5.28	13.03	-1.34
<i>ICE BofA US High Yield Index</i>	8.50	8.20	13.46	-11.22	5.36	6.17	14.41	-2.27
Cash Equivalent	4.23	4.73	4.98	1.48	0.02	0.36	2.10	1.72
<i>ICE BofA 3 Month U.S. T-Bill</i>	4.18	5.25	5.02	1.46	0.05	0.67	2.28	1.87
First American Government Obligation - X	4.23	5.19	5.02	1.52	0.03	0.40	2.12	1.74
<i>ICE BofA 3 Month U.S. T-Bill</i>	4.18	5.25	5.02	1.46	0.05	0.67	2.28	1.87

Returns are gross of investment advisory fees and net of mutual fund fees. Returns are expressed as percentages and for periods over one year are annualized. Asset class level returns may vary from individual underlying manager returns due to cash flows. Total Portfolio returns prior to 1/1/2024 were provided by previous Advisor and believed to be accurate and reliable. Returns for January 2024 were calculated by the legacy performance system of previous Advisor and believed to be accurate and reliable.

Historical Hybrid Composition - PARS Balanced/Moderately Aggressive

Allocation Mandate	Weight (%)
Jul-2025	
Russell 3000 Index	36.0
MSCI AC World ex USA (Net)	18.0
MSCI US REIT Index	3.0
MSCI World Core Infrastructure Index (Net)	3.0
Blmbg. U.S. Aggregate	35.0
ICE BofA US High Yield Index	3.0
ICE BofA 3 Month U.S. T-Bill	2.0
Oct-2012	
S&P 500	32.0
Blmbg. U.S. Aggregate	27.0
Russell 2000 Index	9.0
MSCI EAFE (net)	7.0
ICE BofA 1-3 Yr. Gov/Corp	6.8
Russell Midcap Index	6.0
FTSE 1 Month T-Bill	5.0
MSCI EM (net)	4.0
Wilshire US REIT Index	2.0
ICE BofA US High Yield Index	1.3
Apr-2007	
S&P 500	51.0
Blmbg. U.S. Aggregate	30.0
MSCI EAFE (net)	6.0
ICE BofA 1-3 Yr. Gov/Corp	5.0
FTSE 1 Month T-Bill	5.0
Russell 2000 Index	3.0

Allocation Mandate	Weight (%)
Jul-1986	
S&P 500	60.0
Blmbg. U.S. Aggregate	30.0
ICE BofA 1-3 Yr. Gov/Corp	5.0
FTSE 1 Month T-Bill	5.0

*The benchmark for the PARS Balanced strategy defined above was assigned to the PARS OPEB and Pension Trust Balanced Strategic Blend upon its inception on October 2015

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

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U.S. Bank N.A. pays the sub-adviser up to 67% of the annual management fee for assets sub-advised under its sub-advisory agreement with U.S. Bank N.A. Refer to your U.S. Bank N.A. fee schedule for investment management fees applied to your specific portfolio. U.S. Bank N.A. compensates the sub-adviser for these services from its own fees.

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Assets under management as of 6/30/2024 represent the assets managed by PFM asset Management LLC (PFMAM). As of 10/1/2024 PFMAM and U.S. Bancorp Asset Management, Inc. (USBAM) formerly separately registered investment advisers consolidated into one legal entity and one registered investment adviser with the SEC, with USBAM as the continuing legal entity and registered investment adviser.

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BOARD OF SUPERVISORS
COUNTY OF DEL NORTE
STATE OF CALIFORNIA

RESOLUTION NO. 2006 ~~5~~50

RESOLUTION AUTHORIZING THE AUDITOR-CONTROLLER
TO ESTABLISH
A MITIGATION SPECIAL REVENUE FUND
AND
AN ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND

WHEREAS, this Resolution rescinds and replaces Resolution No. 2002-46 establishing Trust Fund No. 687 and Resolution 2003-71 establishing a Special Revenue Fund titled Stimson Sale Timber Yield Tax Loss and,

WHEREAS, the County of Del Norte is in receipt of mitigation funds in the amount of \$5 million related to the Mill Creek Land acquisition by the State of California from Stimson Timber Company; and

WHEREAS, the County is in receipt of \$210,000 of a total of \$450,000 and anticipates receipt of the balance of \$240,000 in the near future as mitigation funds related to the public acquisition of private timber land known as Goose Creek; and

WHEREAS, the County may sometime in the future be in receipt of additional mitigation funds related to private timber land being acquired for public use; and

WHEREAS, the intent of the payments to the County is to mitigate the loss of property and timber yield taxes from harvestable timber; and

WHEREAS, more than seventy-five percent of the County is in public ownership; and

WHEREAS, the County is in transition from a primarily resource extraction economy to one more diverse with heavy emphasis on tourism; and

WHEREAS, the County has made economic development a primary goal by supporting community strategy meetings, infrastructure upgrades and business development; and

WHEREAS, the intent of the funds is to mitigate the loss of taxes by providing an ongoing revenue source through interest on investments; and

#6

WHEREAS, the Proactive Financial Management Committee has met several times to discuss potential use and investment opportunities of these funds.

NOW, THEREFORE, BE IT RESOLVED THAT THE DEL NORTE COUNTY BOARD OF SUPERVISORS hereby establishes two Special Revenue Funds with the following parameters:

Seventy-five percent of any mitigation funds received shall be invested by the County Treasurer at no less than the pooled rate with the interest earned credited to the General Fund as offset for the loss of property and timber tax.

The remaining 25% shall be held in an Economic Development Investment Fund invested by the County Treasurer until such time as projects are approved by the Board of Supervisors for the sole purpose of promoting economic and community development. Tri Agency will review requests for economic development projects and make recommendations to the Board of Supervisors, as to each project's viability. Project funding eligibility is dependent on the applicant being a public agency or non-profit in addition to demonstrating that the project is for public use and community development or economic benefit. Recommended projects will demonstrate a minimum return on the investment of 1% above the pooled rate at the time the project is funded. The return equal to the pooled rate is allocated to the General Fund to mitigate the loss of tax dollars. The interest earnings above the pooled rate, in addition to the principal payment will be allocated to the Economic Development Investment Fund for funding of future projects.

PASSED AND ADOPTED at a regular meeting of the Del Norte County Board of Supervisors, this 11th day of July by the following polled vote:

AYES: Supervisors McCLure, Finigan, Blackburn and Sampels

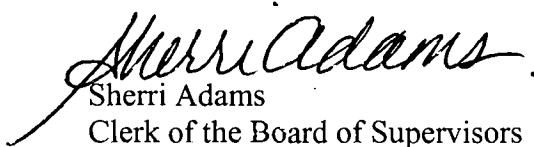
NOES Supervisor McNamer

ABSENT None



Sarah Sampels, Chair

ATTEST:



Sherri Adams
Clerk of the Board of Supervisors

DEL NORTE COUNTY LIBRARY DISTRICT
Minutes of the Regular Board of Trustees Meeting
April 14, 2026

I. Call to Order

Meeting was called to order at 5:17pm

Present: Andrew Napier, Meaghan McGlasson, Tamara Brooks, Helen Duvernay

II. Communications

1) Public comment period

- a) A member of the public shared a desire for the new library building to have private study rooms, computer cubicles, and summer writing programming.

III. Consent Agenda

- 1) Minutes
- 2) Claims

Trustee McGlasson motioned to approve past meeting minutes and claims as written. Trustee Brooks seconded the motion which passed unanimously.

IV. Committee Reports

- 1) Del Norte Reads- Report read and received
- 2) Library Director- Report read and received
- 3) Smith River Branch- Report read and received
- 4) Friends of the Library- Report read and received
- 5) Trustees
 - a) Trustee Brooks is coordinating with Amy Bowers Cordalis the author of *The Water Remembers: My Indigenous Family's Fight to Save a River and a Way of Life* to do an author talk at the library.
 - b) Trustee McGlasson reported that the next Library Foundation meeting will be held April 18, 2026 and that they are working on a letter writing campaign. Trustee McGlasson also reported that book club is going well
- 6) Subcommittees
 - a) The budget subcommittee met and approved the mid year budget which is discussed in New Business.

V. Unfinished Business

- 1) No unfinished business

VI. New Business

- 1) New Board Member Interview and Selection

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VI. New Business

- 1) New Board Member Interview and Selection

- a) Applicants Brett Jensen and Leann Greene were interviewed for the vacant board position. They introduced themselves and were asked questions by the board.
- b) Applicants then stepped out of the meeting for the board discussion before being brought back in after a consensus was formed.

Trustee Brooks motioned to send the appointment of Brett Jensen to the Board of Supervisors for official installment. Trustee McGlassen seconded the motion and it was passed with majority.

- 2) Approval of updated budget numbers
 - a) Library Director Beth Quetschke explained to the board the reason for the updated budget numbers and how that affects our mid year budget.

Trustee McGlassen motioned to approve the updated budget lines that were provided by the auditor for the current fiscal year. Trustee Brooks seconded the motion which passed unanimously.

- 3) Fiscal Year 2026 Revised Budget
 - a) The revised budget was presented to the board after finalization by the budget subcommittee.

Trustee Brooks motioned to approve the revised 2026 budget as written contingent on the addition of the new lines provided by the auditor. Trustee Duvernay seconded the motion which passed unanimously.

- 4) KPN Updated Budget
 - a) Del Norte Reads Program Coordinator Terrin Musbach presented the updated KPN budget that had been shared with KPN.

Trustee McGlassen motioned to approve the updated Del Norte Reads/KPN budget as written. Trustee Brooks seconded the motion which was passed unanimously.

- 5) New Building Updates and Public Outreach Scheduling
 - a) Trustee Napier reported that we are currently in escrow for the new library building and that the documentation is currently under legal review by County Counsel. Trustee Napier also requested board approval on funding to be requested from Del Norte County to support the new building purchase.
 - b) It was also discussed and decided that Program Manager Musbach and Library Director Quetschke will organize and facilitate community listening sessions regarding the physical wants and needs of Del Norte County members. The data gathered from these sessions will be aggregated and shared with the board before the next meeting. The aggregated data and

new building plans will be shared with the community at the next board meeting May 11, 2026 for further public comment.

Trustee Brooks motioned that we move forward with the funding request to Del Norte County for a loan between \$700,000 and \$1,000,000 from the Stimson Fund. Trustee McGlassen seconded the motion which passed unanimously.

VII. Adjournment

- 1) The meeting was adjourned at 7:07 pm to closed session for Board discussion of personnel matters.

The next regular meeting of the Del Norte County Library Board of Trustees will be held on May 11, 2026 at 5:15pm.

Minutes prepared and submitted by:

Beth Quetschke, Library Director

**COUNTY OF
DEL NORTE**

Kylie Goughnour <kylie.goughnour@co.del-norte.ca.us>

Fwd: Request for Stimson Fund Loan for New Library Building

Andrew Napier <andrewn@delnortecountylibrary.org>

Wed, Apr 15, 2026 at 3:36 PM

To: "kylie.goughnour@co.del-norte.ca.us" <kylie.goughnour@co.del-norte.ca.us>

The Del Norte County Library District Board of Trustees respectfully submits this request for financing through the Stimson Fund in support of the Library's New Building Project.

The Library District is currently in escrow for the property located at 1090 3rd Street (the former Ben Franklin Building). Due diligence is well underway: the appraisal and inspection processes have been completed, and the purchase is presently under legal review with County Counsel, Jacqueline Roberts.

The Board has explored multiple financing options, including programs through the California Special Districts Association (CSDA), commercial lending institutions, and seller financing. While the Library District could potentially manage some of these alternatives, securing a lower-interest loan through the County would significantly reduce long-term financial burden and better position the District to allocate resources toward essential library services, facility improvements, and community programming.

Based on current financial projections, the Library District has evaluated several potential loan scenarios to align financing with project milestones. A loan of \$700,000 would enable the District to complete the purchase of the building in an expedient manner. An \$800,000 loan would support both acquisition and the early stages of project development, including the hiring of an architect and a construction management team to begin planning the renovation and transformation of the space. A loan of \$1,000,000 would allow the District to accomplish all of the above while also initiating the early phases of construction, even as additional funding from community partners is being secured. This approach would accelerate the overall project timeline and allow the Library to open the new facility to the public sooner.

This project represents a critical investment in the future of library services and community spaces in Del Norte County. The new Library Building will provide expanded access, and enhanced opportunities for education, technology access, and community engagement.

Following a meeting with the County Budget Team earlier this week, we were advised to bring this request forward to the Board of Supervisors and to route it through the Technical Advisory Committee for Grants and Finances for review. Accordingly, we respectfully request the Board of Supervisors' consideration of this financing request through the Stimson Fund. We are prepared to provide any additional documentation or information needed to support your review and look forward to working collaboratively with the County to bring this important project to fruition.

Thank you for your time and consideration.

Sincerely,
Andrew Napier
Board of Trustees President
Del Norte County Library District

Attached below is a copy of our meeting minutes where the vote to request financing was approved.



Regular Board Meeting Minutes 4/14/26

Security Agreement

THIS SECURITY AGREEMENT is made on the last day noted below, by First 5 Del Norte, Children and Families Commission, an independent legal entity of local government and a Special District as defined in Government Code §53835, hereinafter referred to as "Debtor," in favor and for the benefit of the county of Del Norte, a legal subdivision of the State of California, hereinafter referred to as "Secured Party."

1. GRANTING CLAUSE

Debtor grants to Secured Party a security interest in the Collateral described in Paragraph 3, which Collateral is located or will be located, in about, or on the real property, situated on an approximately 1.2 acres parcel of the improved real property located at 494 Pacific Avenue, Crescent City, California, commonly referred to as Assessor's parcel numbers 120-206-08 and 120-206-09 (the "Property") being more particularly described in Exhibit A, attached hereto and incorporated herein by reference. The security interest is given to secure the performance of the covenants and agreements herein set forth; to secure the payment of an indebtedness in the principal sum of One Million Two Hundred Thousand Dollars (\$1,200,000), with interest in accordance with the terms and provisions of that certain Securitized Limited Obligation Note secured by Deed of Trust (and any renewal, modification, change, or extension thereof) of even date herewith, made by Debtor and payable to Secured Party, and by this reference made a part of this Security Agreement; and to secure the payment of additional sums and interest thereon, which may hereafter be loaned to Debtor by Secured Party, when evidenced by a promissory note or notes reciting that the same are secured by that certain Deed of Trust (the "Deed of Trust") of even date herewith, made by Debtor, as Trustor, to Secured Party as Beneficiary, or this Security Agreement or both.

2. SECURED PARTY'S RIGHTS; EFFECT OF SECURITY AGREEMENT

Secured party shall be entitled to enforce any indebtedness, obligation, or liability secured by this Security Agreement, and to exercise all rights and powers conferred by this Agreement, although some or all of the indebtedness, obligations, and liabilities secured by this Agreement are now or shall hereafter be otherwise secured. Secured Party's acceptance of this security interest shall not affect or prejudice Secured Party's right to realize on or enforce any other security now or hereafter held by Secured Party. The execution of this Security Agreement shall not be construed to derogate or impair the lien or provisions of the Deed of Trust with respect to any property described in

the Deed of Trust that is real property or which the parties have agreed to treat as real property.

3. ITEMIZING COLLATERAL

The "Collateral" granted to Secured Party is the following:

- (a) All distributions to First 5 Del Norte, Children and Families Commission from the Children and Families Trust Fund which is derived from taxes imposed by Revenue and Taxation Code § 30131.2.
- (b) All right, title and interest (including any claim or demand in law or equity) which Debtor now has or may acquire hereafter in the land, building, standing and downed timber located on that real property located at 494 Pacific Avenue, Crescent City, California (growing or to be grown on the Property); all easements and rights of way appurtenant to such property; all development rights, credits and any other pertinent work including but not limited to surveys, tests, studies and reports; all water and water rights (whether or not appurtenant to such property) all adjacent lands within enclosures or occupied by buildings partly situated on such property; all buildings, structures, improvements, fixtures and appurtenances now and hereafter placed on the property, including without limitation, all apparatus and equipment used to supply heating, air conditioning, gas, water, power, or other services, and all related equipment such as plumbing, ovens, dishwashers, disposals and doors, screens, mirrors, cabinets, lighting fixtures, paneling, attached floor coverings, trees and plants located on such property, all of which, including replacements and additions thereto, shall conclusively be deemed to be affixed to and be part of the real property; SUBJECT, however, to the right of Debtor to remove, if necessary such goods, fixtures, furnishings, and equipment for the purpose of replacement with similar items of the same or higher quality performing the same functions, which replacements shall, themselves, become part of the Collateral. The foregoing is hereafter described as the "Property."
- (c) All intangible property and rights relating to the Property, or used in connection with it, including, but not limited to, all governmental permits relating to construction on the Property;

- (d) All proceeds from sale or disposition of any item described as Collateral;
- (e) All reserves, deferred payments, deposits, refunds, cost savings, and payments of any kind relating to the construction of any improvements on the Property;
- (f) All water and wastewater permits and appropriations relating to the Property;
- (g) All causes of action, claims, compensation, and recoveries, for any damage to or condemnation or taking of the Property, for any conveyance in lieu thereof, whether direct or consequential, or for any damage or injury to the Property, or for any loss or diminution in value of the Property; and
- (h) All architectural, structural, mechanical, and other improvements on the Property, and all studies, data, and drawings related to such improvements; and also all contracts and agreements of the Debtor relating to those plans and specifications or to those studies, data, and drawings, or to the construction of improvements on the Property.

4. EVENTS OF DEFAULT

Without limiting any of the foregoing, and in addition thereto, each of the following shall be an event of default:

(a) If Debtor defaults in the due performance or observance of any obligation under this Security Agreement, however, that if such obligation is nonmonetary and is reasonably susceptible of being cured, Debtor shall be entitled to a grace period of thirty (30) days following written notice of the default, and provided further that if such nonmonetary default is of such character as to reasonably require more than thirty (30) days to cure, Debtor shall not be in default if Debtor has commenced to cure within the thirty (30) day period and uses reasonable diligence in curing such default. Debtor shall also be granted a grace period for any periods of delay as Debtor may encounter by reason of governmental regulations, or inability to obtain labor or materials by reason of strikes, fire, earthquake, other Acts of God, or similar matters that are beyond the control of Debtor;

(b) If any act or event of default on the part of Debtor occurs under the Securitized Limited Obligation Note, or Deed of Trust each of

which is made a part of this Agreement as fully as if set forth herein at length;

(c) If any representation, warranty, or guaranty made by Debtor herein or in any other statement heretofore or hereafter furnished by Debtor to Secured Party proves to be false or misleading in any material respect;

(d) If Debtor shall make an assignment for the benefit of creditors;

(e) If a custodian, trustee, receiver, or agent is appointed or takes possession of substantially all of the property of Debtor;

(f) If Debtor is generally not paying Debtor's debts as such debts become due;

(g) If Debtor becomes insolvent as that term is defined in Section 101(26) of Title 11 of the United States Code;

(h) If Debtor shall (1) file a petition with the Bankruptcy Court under the Bankruptcy Code, or (2) otherwise file any petition or apply to any tribunal for appointment of a custodian, trustee, receiver, or agent of Debtor, or commence any proceeding relating to Debtor under any bankruptcy or reorganization statute, or under any arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect;

(i) If any petition is filed against Debtor under the Bankruptcy Code and either (1) the Bankruptcy Court orders relief against Debtor under the chapter of the Bankruptcy Code under which the petition was filed, or (2) such petition is not dismissed by the Bankruptcy Court within thirty (30) days of the date of filing;

(j) If any petition or application of the type described in subparagraph (h)(2) above is filed against Debtor, or any proceeding of the type described in subparagraph (h)(2) above is commenced, and either (i) Debtor, by any act, indicates his approval thereof, consent thereto, or acquiescence therein, or (ii) an order is entered appointing such custodian, trustee, receiver, or agent, adjudicating Debtor bankrupt or insolvent, or approving such petition or application in any such proceeding, and any such order remains in effect for more than thirty (30) days;

(k) If any attachment, execution, or other writ is levied on the Collateral or any substantial part of it and remains in effect for more than fifteen (15) days;

(l) If any representation or warranty made or certificate from Debtor to Secured Party, or any supplement or amendment thereto, proves to be false or misleading; or

(m) If the collateral is lost or stolen; or

(o) If Debtor, without the prior written consent of Secured Party files, or authorizes or permits to be filed, in any jurisdiction, any financing or like statement covering the collateral in which Secured Party is not named as sole secured party.

5. SECURED PARTY'S POWER OF SALE

In case one or more of the events of a default shall have occurred, then, and in every such case, Secured Party, or any agent or representative designated by it, shall have the power to foreclose Debtor's right of redemption by sale of the Collateral in the manner and on the notice prescribed by the California Commercial Code. It shall not be necessary that any of the Collateral offered be physically present at any such sale or constructively in the possession of Secured Party or the person conducting the sale.

6. SECURED PARTY'S OTHER REMEDIES

In case one or more of the events of default shall have occurred, then, and in every such case, the Secured Party, with or without taking possession of the Collateral, shall also have the power to pursue one or more of the following remedies:

(a) For the right to offset monies passing through the Del Norte county Auditor Controller's office for Debtor's distributions from the Children and Families Trust Fund that are derived from taxes imposed by Revenue and Taxation Code § 30131.2. Secured Party shall have the right, but not the obligation, for the Auditor-Controller to withhold and retain from Debtor the full amount of the payment that Debtor would be paying as if such Debtor had not been in default. Upon default this assignment of proceeds is intended by the parties to transfer absolute ownership of the fund distributions as of the date this security agreement is executed. Secured Party's ability to offset the Children and Families Trust Fund monies shall not exceed the maximum statutory period of the life of a Securitized Limited Obligation Note (which is

presently ten years). After that time period general remedies shall apply that may include offset.

(b) For foreclosure on the Deed of Trust;

(c) For the specific performance of any covenant or agreement contained in this Agreement, or in the aid of the execution of any power granted in this Agreement;

(d) For foreclosure under this Agreement;

(e) For the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(e) For the appointment of a receiver or receivers pending any foreclosure under this Agreement or the sale of any of the Collateral under the order of a court of competent jurisdiction or under execution or other legal process;

(g) For the enforcement of any other appropriate remedy, and the Secured Party shall be entitled, as a matter of right, to the appointment of a receiver of all or any part of the Collateral.

(h) Secured Party may also, in the event of default, declare all obligations immediately due and payable, without demand, Presentment, protest, or notice to Debtor, all of which Debtor expressly waives.

7. DEBTOR'S OBLIGATIONS TO PAY ATTORNEYS' FEES

Debtor shall pay to Secured Party the amount of all attorneys' fees and costs incurred by Secured Party under and pursuant to this Security Agreement, or any other agreement, or in connection with any transaction contemplated by this Security Agreement, or any other agreement, or with respect to the Collateral or the defense or enforcement of Secured Party's interests (whether or not Secured Party files a lawsuit against Debtor) if Secured Party retains counsel, or incurs costs in order to: obtain legal advice; enforce, or seek to enforce, any of its rights; commence, intervene in, respond to, or defend any action or proceeding; file or prosecute a Claim in any action or proceeding (including without limitation, any probate claim, bankruptcy claim, third party claim, secured creditor claim, or reclamation complaint); protect, obtain possession of, lease, dispose of, or otherwise enforce any security interest in or lien on the Collateral; or represent Secured Party in any litigation with respect to Debtor's affairs.

If either Secured Party or Debtor files any lawsuit against the other predicated on a breach of this Security Agreement, the prevailing party in such action shall be entitled to recover its attorneys' fees. All attorneys' fees and costs to which Secured Party may be entitled to pursuant to this paragraph 7 shall immediately become secured by the lien of this Security Agreement.

In addition to the foregoing award of attorneys' fees, Secured Party shall be entitled to its attorneys' fees incurred in any postjudgment proceedings to enforce any judgment in connection with this Agreement or the Note. This provision is separate and several and shall survive the merger of this provision into any judgment.

8. DEBTOR'S WARRANTIES

The legal opinion of Susan Levenberg is incorporated by this reference and adopted as warranties on behalf of and by Debtor and relied upon by Secured Party as material consideration for entering this transaction.

9. MISCELLANEOUS

(a) The financing statement (UCC-1) filed with the Secretary of State's Office expires five years from the date of filing. If the loan has not been repaid in full by that time Holder is advised to file a renewal statement to extend the effectiveness of the security agreement before the expiration of the original filing. Holder's attorney does not do this automatically, it is up to Holder to calendar this event.

(b) Time is of the essence under this Security Agreement, and any amendment, modification, or revision of it.

(c) Debtor agrees that it will carry fire and extended coverage insurance covering all of the Collateral in an amount not less than the actual replacement cost value of such Collateral. Each policy shall contain provisions naming Secured Party as an additional insured and shall contain lender's loss-payable provisions in favor of Secured Party, which lender's loss-payable provisions shall be in form satisfactory to Secured Party and provide for thirty (30) days minimum cancellation notice to Secured Party.

(d) Forbearance by Secured Party from declaring Borrower in default and continuing to receive biannual payments shall not be deemed a waiver of Secured Party's right to declare such default at any time if the balloon payment is not paid when due. Secured Party, without waiving its rights (either under law, equity, or under this Security Agreement,

shall be entitled to enforce the note, Deed of Trust, and Assignment of Debtor's interest in leases, by invoking the remedies provided for in any of those documents, any one of which may be enforced independently, apart from the others, or concurrently with them, and the enforcement of any of the instruments shall be no bar to an enforcement of the others, and Debtor shall not have any right to require Secured Party to look to either or any of the instruments before enforcing the other, but such instruments may be enforced independently, concurrently, or as Secured Party sees fit, and the same shall apply to all rights and remedies given by this Security Agreement or any of the instruments. All rights of Secured Party shall be cumulative, and may be exercised successively or concurrently and without impairing Secured Party's security interest in the Collateral.

(e) Irrespective of default, Secured Party may delay or omit to exercise any right or remedy under this Security Agreement without waiving such right or remedy, and on or at any time thereafter, at Debtor's default, Secured Party may exercise any or all of its rights and remedies under the California Commercial Code. In case one or more of the foregoing events of default shall occur, then and in every such case, the Secured Party, or any agent or representative designated by it, shall have the right and power to take possession of any of the Collateral, and to exclude the Debtor and its successors or assigns, agents, and employees, wholly from the Collateral, and thereafter to hold, store, and sue, operate, manage, and control the Collateral, and to collect and receive all rents, revenues, issues, income, and profits of the Collateral and every part of it.

(f) California law shall govern the construction of any interests, rights, and duties of the parties to this Security Agreement. If any of the provisions of this Security Agreement shall be held to be invalid, this Security Agreement shall be construed as if not containing those provisions, and the rights and obligations of the parties shall be construed and enforced accordingly.

(g) This Security Agreement applies to, and inures to the benefit of, and binds all parties hereto, their heirs, devisees, legatees, executors, administrators, successors, and assigns.

(h) Each party has sought and obtained the legal counsel they deemed appropriate in the negotiation and drafting of this Security Agreement and the agreement shall not be construed strictly against Secured Party simply because it drafted the agreement.

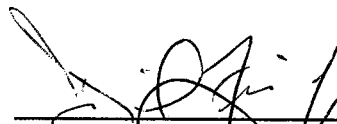
(i) This Security Agreement contains all the agreements of the parties hereto with respect to any matter covered or mentioned in this

Agreement, and no prior agreements or understandings pertaining to any such matters shall be effective for any purpose. No provision of this Agreement may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. This Agreement shall not be effective or binding on any party until fully executed by both parties hereto.

IN WITNESS WHEREOF, Debtor has executed this Security Agreement the day and year last below written.

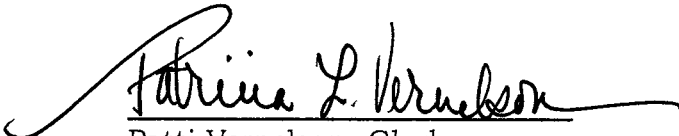
Debtor

Dated:



David Finigan, Chair
First 5 Del Norte Children
and Families Commission

Attest:



Patti Vernelson, Clerk
First 5 Del Norte Children
and Families Commission

**FIRST 5 DEL NORTE
CHILDREN AND FAMILIES COMMISSION**

RESOLUTION NO. 2006-002

A RESOLUTION OF FIRST 5 DEL NORTE CHILDREN AND FAMILIES
COMMISSION AUTHORIZING THE EXECUTION OF A SECURITY
AGREEMENT, A SECURITIZED LIMITED OBLIGATION NOTE, AND
OTHER NECESSARY DOCUMENTS FOR THE \$1,200,000 LOAN
TRANSACTION WITH THE COUNTY OF DEL NORTE

Whereas, the First 5 Del Norte Children and Families Commission finds that:

1. The Commission is an independent local public entity with the power to own real property and enter into contracts to borrow funds to acquire and improve real property; and,
2. The Commission qualifies as a "special district" as defined by Government Code section 53835 to enter into a Securitized Limited Obligation Note; and,
3. The Commission wishes to acquire and improve the real property located at 494 Pacific Avenue, Crescent City, California, to create a Family Resource Center for Del Norte County's children and families; and,
4. The Commission requires additional funds to complete the purchase and improvements to the property; and,
5. The County of Del Norte has agreed to enter into a Securitized Limited Obligation Note (SLON), a Security Agreement and other documents in accordance with the provisions of Government Code section 53835 et seq. to loan the Commission \$1,200,000 for the acquisition and improvement of the property.

BE IT RESOLVED THAT the Commission therefore, adopts this Resolution by a four-fifths vote in accordance with Government Code section 53835 et seq., and now resolves that:

1. The purpose of incurring the indebtedness outlined in the SLON is to acquire and improve real property and that the loan will be used solely for this purpose; and,
2. The estimated amount of the indebtedness and the amount of the notes to be issued is One Million Two Hundred Thousand Dollars, \$1,200,000; and,
3. The SLON will be secured by a First Deed of Trust on the real property located at 494 Pacific Avenue, Crescent City, California, a portion of the tobacco tax distribution revenues received from the State Commission and placed in Commission's Children and Families Trust Fund, an assignment of rents payable to the Commission, and a Security Agreement and UCC-1 Financing Statement; and,
4. The SLON will mature on August 15, 2009, unless extended by written agreement with the County of Del Norte; and

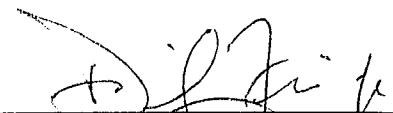
BE IT FURTHER RESOLVED THAT, the Chair of the Commission is hereby authorized to execute the SLON, Security Agreement, and all other documents including escrow documents necessary to complete the loan transaction on behalf of the Commission.

PASSED AND ADOPTED this 6th day of September, 2006, by the following polled vote:

Ayes: Commissioners Moorehouse, Blatnick, Miller and Finigan

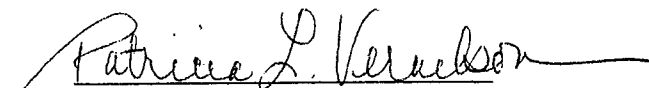
Nays: None

Absent: Commissioner Yepes-Contreras



David Finigan, Chair

ATTEST:



Patricia L. Vernelson
Clerk of the Commission

**SUSAN G. LEVENBERG
ATTORNEY AT LAW
825 GARLAND DRIVE
PALO ALTO CA 94303
650 324 2209**

Date: September 6, 2006

Borrower: First 5 Del Norte Children and Families Commission,
An independent legal entity of local government

Lender: County of Del Norte, California

Re: Loan of \$1,200,000 to First 5 Del Norte Children and Families
Commission by the County of Del Norte

To: The Del Norte County Board of Supervisors:

I have acted as special counsel to the First 5 Del Norte Children and Families Commission (First 5) with respect to the Securitized Limited Obligation Note, Security Agreement, Deed of Trust, Resolution authorizing the issuance of the SLON, UCC-1 Financing Statement and other documents obligating First 5 to a 1.2 million dollar loan (the "Agreements") secured by a portion of its revenues from distribution to First 5 from the Children and Families Trust Fund¹, rents and other funds received from tenants and interagency agreements, and the real property located at 494 Pacific Avenue, Crescent City, California. In this capacity I have reviewed a duplicate original or certified copy of the Agreements and such other documents as I have deemed necessary for the purposes of this opinion.

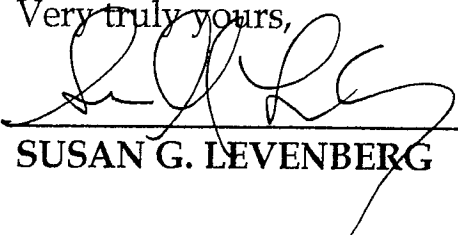
Based upon examination of the documents, it is my opinion that:

¹ The revenue of the Children and Families Trust Fund is derived from taxes imposed pursuant to Section 30131.2 of the Revenue and Taxation Code, a tax on the consumption of cigarettes and tobacco products.

1. First 5 is an independent legal entity of local government and special district within the meaning of Government Code §53835, operating under the Constitution and laws of the State of California.
2. First 5 is authorized and has power under State law to enter into all of the Agreements referred to herein, and to carry out its obligations thereunder and the transactions contemplated thereby.
3. The Agreements and all other documents related thereto have been duly authorized, approved, and executed by and on behalf of First 5, and each of the Agreements is a valid and binding contract of First 5 enforceable in accordance with its terms, except to the extent limited by State and Federal law affecting the enforcement of creditors' rights.
4. The authorization, approval and execution of the Agreements and all other proceedings of First 5 relating to the transactions contemplated thereby have been performed in accordance with all applicable Local, State and Federal laws (including open meeting, debt limitation & appropriation).
5. To the best of my knowledge, there is no litigation or proceeding pending before any court, administrative agency or governmental body, that challenges: the organization or existence of First 5; the authority of its officers; the proper authorization, approval and execution of any of the Agreements for the current fiscal year; or the ability of First 5 to perform its obligations under the Agreements and the transactions contemplated thereby.

The County of Del Norte, its assignee and any of their assigns may rely upon this opinion in matters regarding the loan transaction between First 5 Del Norte Children and Families Commission and the County of Del Norte.

Very truly yours,


9/6/06
SUSAN G. LEVENBERG Attorney at Law

Securitized Limited Obligation Note

\$1,200,000.00
Crescent City, Ca

September , 2006

FOR VALUE RECEIVED, given to secure present and future obligations of the **First 5 Del Norte, Children and Families Commission**, 207 Price Mall, Crescent City, California ("Borrower") promises to the **County of Del Norte**, a legal subdivision of the State of California ("Holder"), or order, at 981 "H" Street, Suite 210, Crescent City, California, or such other place as the Holder may designate by written notice to Borrower, in lawful money of the United States, such amounts as Holder may advance to Borrower from time to time, with interest on the principal balance from time to time remaining unpaid from the date of the first disbursement of this note until paid, as provided below. The maximum amount of the loan shall be One Million Two Hundred Thousand Dollars (\$1,200,000).

1. **LOAN.** This Securitized Limited Obligation Note is made, delivered, and executed in favor of the County of Del Norte ("County"), a legal subdivision of the State of California, in consideration of the loan by County in the principal amount hereof to Borrower, a special district of the State of California as defined in Government Code §53835 and an independent legal entity of local government with the powers as set forth in Health and Safety Code § 130140.1(b)(2).

This Note is made pursuant to the authority granted to Borrower, as a local agency as defined in Government Code section 53835, to issue a Securitized Limited Obligation Note ("Note" or "this Note") under Article 7.4, Chapter 4, Part 1, Division 2 of Title 5 of the California Government Code, commencing with section 53835.

The funds distributed pursuant to this Note shall only be used to extinguish the existing indebtedness for the purchase of the Pacific Street property to James R. Tosio, Successor Trustee of the Tosio Family Trust and to improve the said land, facilities or equipment as stated in that certain memo from the Children and Families Commission to the Del Norte County Board of Supervisors dated May 19, 2006, as permitted in Government code §53837(b). Said memo is hereby incorporated by this reference as if fully set forth at length hereat.

The first draw upon this loan shall be for an escrow at First American Title Company to handle the satisfaction of the Tosio Deed of Trust. Borrower shall procure, at Borrower's expense, a loan policy of title insurance on Holder's behalf showing only those exceptions to title that

are acceptable to Holder. The loan policy shall be endorsed as directed by Holder to the title insurer.

This Note is issued in consideration of the loan by Holder to Borrower and Borrower hereby irrevocably, and coupled with an interest, pledges and assigns to the County of Del Norte a secured interest in the following property:

- A. All revenues from distributions to Borrower from the Children and Families Trust Fund up to the amount of each payment that is due from Borrower to Holder; and
- B. A First Deed of Trust in such form as is acceptable to Holder on the real property located at 494 Pacific Avenue, Crescent City, California; and
- C. An assignment of rents payable to First 5.
- D. A Security Agreement and UCC-1 Financing Statement securing the Collateral as defined therein.

The real property taken as security in this transaction consists of one or more lots that may be conveyed without detracting from the intended development, use and occupation of the Family Resource Center. Holder agrees to release said surplus lot(s) from the description of the Deed of Trust if Borrower so requests in exchange for the payment to Holder of such sum as the Holder and Maker may agree upon at the time of such request.

Except in the case of an Event of Default, the general funds of the Borrower are not liable for the payment of, or the interest on, this securitized limited obligation note. Nothing in this Note shall be construed to compel the exercise of taxing power by Borrower, other than the revenue pledged, or the forfeiture on the Borrower's property. This Note is a special obligation of Borrower, and shall be a charge against, and is hereby secured by a lien upon, and payable, as to the principal thereof and interest thereon, from the pledged revenue up to the amount of each payment that is due from Borrower to Holder. The revenue and any interest earned on the revenue constitute a trust fund for the security and payment of interest on and principal of this Note.

Holder has no duty with respect to the collection or protection of the collateral held under this Note or of any income from the collateral, or with respect to the preservation of any rights pertaining to that collateral. However, First 5 agrees to operate in a sufficient manner that it continues to qualify for receiving its allotment from the Children and

Families Trust Fund until the principal and all accrued interest has been paid in full.

2. RATE OF INTEREST. Interest on the principal balance from time to time remaining unpaid shall accrue from the date of disbursement at a rate per annum equal to one percent (1%) above the California Local Agency Investment Fund rate paid out from time to time to its participating public entities, each change in interest rate to become effective semiannually on December 31st and June 30th of each year at the rate in effect on the date of each adjustment. Notwithstanding the foregoing, the interest rate shall not be less than five percent per annum (based on a 360 day year) nor greater than the rate permitted under Article 7 (commencing with Government Code Section 53530) of Chapter 3. Interest shall be compounded at each interest rate adjustment.

All agreements between Borrower and the Holder of this Note are expressly limited, so that in no event or contingency whatsoever, whether by reason of the advancement of the proceeds of this Note, acceleration of maturity of the unpaid principal balance, or otherwise, shall the amount paid or agreed to be paid to the holder of this Note for the use, forbearance, or detention of the money to be advanced under this Note exceed the highest lawful rate permissible under applicable usury laws. If, under any circumstances whatsoever, fulfillment of any provision of this Note or of the Deed of Trust securing this Note or any other agreement pertaining to it, after timely performance of such provision is due, shall involve transcending the limit of validity prescribed by law which a court of competent jurisdiction deems applicable, then, ipso facto, the obligations to be fulfilled shall be reduced to the limit of such validity, and if, under any circumstances whatsoever, the Holder shall ever receive as interest an amount that exceeds the highest lawful rate, the amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance under this Note and not to the payment of interest, or, if such excessive interest exceeds the unpaid balance of principal under this Note, such excess shall be refunded to Borrower. This provision shall control every other provision of all agreements between Borrower and the Holder.

3. DRAWS. The Borrower may draw up to \$500,000 on the date of execution hereof and up to \$500,000 on the last business day of each month thereafter, up to a maximum of \$1,200,000; provided, however, that the first month-end draw after execution of this Note cannot be made until the last business day of the following month. In no event shall the aggregate unpaid principal amount of advances under this Note exceed the face amount of this Note. Borrower shall notify the Treasurer of the County of its intent to make a draw at least five business days before the draw.

4. PAYMENT TERMS. The Principal and the aggregate of the interest on the Principal will be payable in five installments payable on February 15th and August 15th of each year until August 15, 2009 on which date the entire balance of unpaid principal and interest will be all due and payable. Payments shall be based on a twenty-year amortization schedule. Each installment, when paid, will be credited first to the interest then due, and the remainder will be credited to principal. Interest will cease to accrue on the principal so credited. Borrower shall provide Holder with a minimum of six months notice if, in Borrower's opinion, it appears unlikely that Borrower has secured sufficient refinancing to extinguish this indebtedness by its all-due date.

The Del Norte County Auditor Controller's office is hereby authorized to automatically deduct from Borrower's distributions from the Children and Families Trust Fund all payments due upon this obligation. Holder shall provide written notification to Borrower as to the specific amount deducted by Holder from Borrower's distribution from the Children and Families Trust Fund within ten (10) days after each deduction.

5. PREPAYMENT. The indebtedness evidenced by this Note may be prepaid in whole or in part at any time, or from time to time, without penalty or charge.

6. LOAN ORIGATION EXPENSE. Borrower agrees that the sum of \$5,100.00 (plus the expenses of escrow and the loan policy of title insurance) is a reasonable approximation of the expenses incurred by county in the origination of this loan. Borrower authorizes County to deduct the sum of \$5,100.00 from the funds transferred to Borrower in the first draw hereunder as and for the origination expense.

7. ACCELERATION AND DEFAULT. On the occurrence of any "Event of Default," the events constituting an "Event of Default" being hereinafter defined and enumerated, the Holder hereof, at its sole discretion, may declare all or any portion of the principal and accrued interest on this Note to be immediately due and payable, and may proceed at once and without further notice to enforce this Note according to law.

Failure of the Holder to exercise this option when it becomes available shall not be construed as a waiver thereof by the Holder, nor shall the Holder be prohibited from exercising its option at any time during which this Note is in Default.

Each of the following events shall constitute an "Event of Default":

- A. If Borrower fails to make any installment payment or portion of a payment when due, all unpaid principal, together with accrued interest, will become immediately due and payable at the option of Holder, without notice;
- B. Failure of the Borrower to pay the entire balance of this note on its due date, or any renewal or extension thereof, at the time and place specified;
- C. The occurrence:
1. of the undersigned becoming insolvent or bankrupt, or ceasing, being unable or admitting in writing its inability, to pay its debts as they mature, or making a general assignment for the benefit of, or entering into any composition or arrangements with, creditors,
 2. of proceedings for the appointment of a receiver, trustee or liquidator of the undersigned, or of a substantial part of its assets, being authorized or instituted by or against it, or
 3. of proceedings under any bankruptcy, reorganization, similar law of any jurisdiction being authorized or instituted by or against the borrower, or
 4. a breach of any of the terms and conditions of this note or of the Security Agreement or Deed of Trust given in relation to this obligation. Each of these agreements are incorporated by this reference as if fully set forth herein.

9. MISCELLANEOUS. Borrower waives demand, protest, presentment, notices of nonpayment, notices of protest and diligence in bringing suit against any party and does hereby consent that time of payment of all or any part of said amount may be extended from time to time by the Holder hereof without notice.

Borrower represents and warrants to the Holder of this Note that the debt evidenced by this Note was the product of business, commercial investment, or other similar purposes, and that no portion of the proceeds will be used for personal, family or household purposes.

If any collateral delivered by Borrower to Holder is released to Borrower before full payment of the Note, Borrower agrees to execute any documents required to continue the Borrower's security interest in the collateral.

The pleading of any statute of limitations as a defense to the obligations evidenced by this Note is waived to the fullest extent permissible by law.

No delay or omission on the part of the Holder in exercising any rights under this Note, on default by Borrower, shall operate as a waiver of such right or of any other right under this Note or other agreements, for the same default or any other default. Borrower consents to all extensions without further notice for any period or periods of time and to the acceptance of partial payments before or after maturity, and to the acceptance, release and substitution of security, all without prejudice to the Holder.

This Note and all of the covenants, promises, and agreements contained in it shall be binding on and inure to the benefit of the respective legal representatives, successors, and assigns of the Borrower and the Holder.

This Note will be interpreted and the rights and liabilities of the county and the Borrower determined in accordance with the laws of the State of California.

Borrower hereby irrevocably consents to the exclusive jurisdiction of any state or federal court sitting in or for Del Norte County, California, and consents that all service of process be sent by nationally recognized overnight courier service or first class mail directed to the Borrower at the Borrower's address set forth in the Loan Agreement and service so made will be deemed to be completed when received by the Borrower; provided that nothing contained in this Note will prevent the County from bringing any action, enforcing any award or judgment or exercising any rights against the Borrower individually, against any security or against any property of the Borrower within any other county, state or other foreign or domestic jurisdiction. The Borrower acknowledges and agrees that the venue provided above is the most convenient forum for both the County and the Borrower. The Borrower waives any objection to venue and any objection based on a more convenient forum in any action instituted under this Note.

This agreement represents the product of the mutual negotiations of the parties and its language shall not be strictly construed against either party.

This Note, taken together with the Security Agreement, Deed of Trust and Financing Statement constitute the entire Agreement between the parties and supersedes all prior discussions, negotiations, and agreements whether oral or written.

Nothing in this agreement is intended to confer any rights upon any third party, but is solely for the benefit of Borrower and Holder.

Each party has sought and obtained the legal counsel they deemed appropriate in the negotiation and drafting of this Note and the Note shall not be construed strictly against Holder simply because it drafted the agreement.

If any of the provisions of this Note shall be held to be invalid, this Note shall be construed as if not containing those provisions, and the rights and obligations of the parties shall be construed and enforced accordingly.

10. ATTORNEYS' FEES. In the event any legal action or proceeding (excepting an action for declaratory relief) is commenced to enforce the obligations arising out of, this note, or to recover damages for the breach thereof, the party prevailing in any such action or proceeding shall be entitled to recover from the non-prevailing party all reasonable attorney's fees, costs and expenses incurred by the prevailing party. The attorney's fees award shall not be computed in accordance with any court schedule but shall be made as to fully reimburse for all attorney's fees, paralegal fees, costs and expenses actually incurred in good faith, regardless of the size of the judgment, it being the intention of the parties to fully compensate for all attorney's fees, paralegal fees, costs and expenses paid or incurred in good faith. Notwithstanding the foregoing the award of attorney's fees for publicly employed attorneys shall be based on the rate paid to attorneys in private practice with the same or similar experience as the publicly employed attorney.

In addition to the foregoing award of attorneys' fees, Holder shall be entitled to its attorneys' fees incurred in any postjudgment proceedings to enforce any judgment. This provision is separate and shall survive the merger of this provision into this judgment.

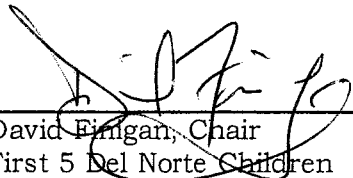
11. NOTICES. Any notice to Borrower provided for in this Note shall be given by personal delivery or by mailing such notice by first class or certified mail, return receipt requested, addressed to Borrower at the property address stated below, or to such other address as Borrower may designate by written notice to the Holder. Any notice to the Holder shall be given by personal delivery or by mailing such notice by first class or certified mail, return receipt requested, to the Holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by written notice to Borrower. Mailed notices shall be deemed delivered and received 2 days after deposit in accordance with this provision in the United States mail.

If to Holder: County of Del Norte, Attn: C.A.O., 981 "H" Street,
Suite 210, Crescent City, CA 95531

If to Borrower: First 5 Children and Families Commission, 270
Price Mall, Crescent City, CA 95531

12. EXECUTION. Borrower warrants that all public entity action necessary has been taken before the execution hereof and that both entities executing this agreement have been duly authorized to execute it after appropriate action of its governing body. This note has been duly approved by 4/5 vote all the members of the First 5 Del Norte, Children and Families Commission by a resolution containing the information contained in Government Code §53838.

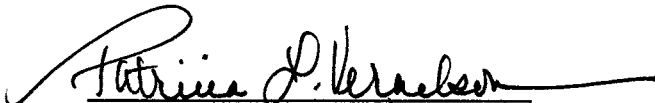
WITNESS the due execution of this Securitized Limited Obligation Note as a document under seal, as of the date first written above, with the intent to be legally bound hereby.



David Fingon, Chair
First 5 Del Norte Children
and Families Commission

Attest:

Approved as to form & content:



Patricia L. Weaver, Clerk
First 5 Del Norte Children
and Families Commission

Name: Susan G. Levenberg
Title: Special Counsel
First 5 Del Norte

**BOARD OF SUPERVISORS
COUNTY OF DEL NORTE
STATE OF CALIFORNIA**

RESOLUTION NO. 2006- 75

**A RESOLUTION OF THE DEL NORTE COUNTY BOARD OF
SUPERVISORS AUTHORIZING LOAN UPON EXECUTION OF
SECURITY AGREEMENT AND THE ISSUANCE OF A SECURITIZED
LIMITED OBLIGATION NOTE, DEED OF TRUST AND ASSIGNMENT
OF RENTS, AND FINANCING STATEMENT**

The Board of Supervisors find:

1. Government code section 26227 provides that the Board of Supervisors may contract with other public agencies to operate programs in the areas of health, public safety, welfare and education to assist other public entities and their programs in order to meet the social needs of the population of the County; and
2. First 5 Del Norte, Children and Families Commission is an independent legal entity of local government administering programs serving young children and their families in Del Norte County with the powers as set forth in Health and Safety Code § 130140.1(b)(2) and that First 5 qualifies as a special district as defined in Government Code §53835; and
3. FIRST 5's programs support the identified needs of families with young children in the areas of healthy child development, the safety and welfare of families, and education, both pre school and parent/caregiver education and information, in alignment with the FIRST 5 Del Norte Strategic Plan; and
4. The Board of Supervisors wishes to assist FIRST 5 Del Norte in the financing the acquisition of the Family Resource Center and the implementation of its redesign to be owned and operated by FIRST 5 Del Norte for the benefit of the young children and families in the community; and
5. Government code section 26227 further provides that the Board of Supervisors may finance or assist in the financing of the acquisition or improvement of real property, facilities and equipment to be owned and operated by any public agency to carry out programs in the areas of health, welfare, and education; and

6. First 5 has purchased the real property located at 494 Pacific Avenue, Crescent City, California because its programs and other programs that it supports have outgrown the space available at its present location at 207 Price Mall, Crescent City; and
7. The Pacific Avenue property must have its indebtedness to the seller satisfied and the building must be redesigned and remodeled to act as an efficient purveyor of community services; and
8. The scope of community services and benefits to be realized by the Family Resource Center when it is completed and occupied will substantially assist the County to meet the social needs of the population of the County; and
9. First 5 lacks the funds to complete the acquisition and redesign of the Family Resource Center and desires that the county assist it in accomplishing its goal on a short term basis until the project is complete and other financing can be obtained; and
10. The County of Del Norte has up to 1.2 million dollars available to assist First 5 in this program; and
11. The County's loan to the First 5 Children's and Family Commission can be fully secured by a combination of a Securitized Limited Obligation Note, pledging and assigning the its revenues from distributions to First 5 from the Children and Families Trust Fund, a deed of trust and assignment of rents against the Family Resource Center and a security agreement and financing statement securing First 5's personal property, rents and interagency revenues; and
12. The attached loan documents adequately secure the County's short term securitized limited obligation loan to First 5, now therefore,

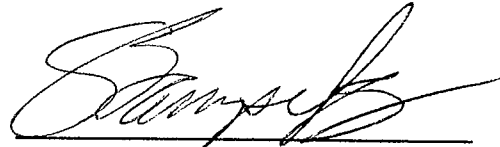
BE IT RESOLVED, that the Board of Supervisors approves the loan to First 5 upon the completion of satisfactory documentation including a resolution by First 5 that meets the requirements of Government Code §52838 and this governing body does hereby authorize the Chair of the Board to execute any documents necessary and expedient to the closing of this transaction.

Passed and Adopted, this 12th day of September, 2006, by the following polled vote:

AYES: Supervisors McNamer, Finigan, McClure, Blackburn and Sampels

NOES: None

ABSENT: None



Sarah Sampels, Chair
Del Norte County
Board of Supervisors

Attest:



Sherri Adams
Clerk of the Board of Supervisors
County of Del Norte