

## REVOLVING LINE OF CREDIT AGREEMENT

This Revolving Line of Credit Agreement (the "Agreement") is made and entered into on this 7th day of February, 2013, by and between the County of San Luis Obispo ("Lender") and the Cayucos Fire Protection District ("Borrower"). This agreement will expire five (5) years from the original agreement date.

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. **LINE OF CREDIT.** Lender hereby establishes a revolving line of credit (the "Credit Line") for Borrower in the principal amount of up to Two Hundred Fifty Thousand Dollars (\$250,000.00) (the "Credit Limit"). In connection herewith, Borrower shall execute and deliver to Lender a Promissory Note in the amount of the Credit Limit and in form and content satisfactory to Lender. All sums advanced on the Credit Line or pursuant to the terms of this Agreement (each an "Advance") shall become part of the principal of said Promissory Note.

2. **ADVANCES.** Any request for an Advance may be made from time to time and in Twenty Five Thousand (\$25,000.00) increments such as Borrower may choose; provided, however, any requested Advance will not, when added to the outstanding principal balance of all previous Advances, exceed the Credit Limit of Two Hundred Fifty Thousand Dollars (\$250,000.00). Requests for Advances must be made in writing by such officer of Borrower authorized by it to request such Advances. Until such time as Lender may be notified otherwise, Borrower hereby authorizes its Fire Chief to request Advances. Lender may deposit or credit the amount of any requested Advance to Borrower's operating fund.

No additional Advances will be made after the expiration of this agreement.

The funds from the Advances will be used by the Borrower for operating expenses only in connection with the operations of the Borrower.

3. **INTEREST.** The sum advanced pursuant to this Agreement shall bear interest from the date the Principal is deposited to the Borrower's operating fund, until paid in full, at an interest rate equal to the County Treasury rate, plus 0.50 percentage points compounded quarterly (the "Effective Rate").

4. **REPAYMENT.** Borrower shall repay the entire outstanding principal balance plus accrued interest, in the fiscal year immediately following the fiscal year in which an advance has been made or sooner. Payment shall be made through withholding from the Fire Special Tax collected by the County Tax Collector from the Borrower's District and will be due twice a year. The first installment will be due at the end of December and the second installment will be due at the end of April. If the District's Fire Special Tax receipts for the year are insufficient to cover the balance owed to the County, the County will withhold General Property Tax from the Borrower's District to satisfy the District's obligation.

5. **REPRESENTATIONS AND WARRANTIES.** In order to induce Lender to enter into this Agreement and to make the Advances provided for herein, Borrower represents and warrants to Lender as follows:

a. Borrower is a public entity duly organized, validly existing, and in good standing under the laws of the State of California with the power to own its assets and to transact business in California.

b. There is no action, suit, investigation, or proceeding pending or, to the knowledge of Borrower, threatened, against or affecting Borrower or any of its assets which, if adversely determined, would have a material adverse effect on the financial condition of Borrower or the operation of its business.

6. **DEFAULT.** Upon the occurrence of a default of a provision of this Agreement, Lender may declare the entire unpaid principal balance, together with accrued interest thereon, to be immediately due and payable without presentment, demand, protest, or other notice of any kind. Lender may suspend or terminate any obligation it may have hereunder to make additional Advances. To the extent permitted by law, Borrower waives any rights to presentment, demand, protest, or notice of any kind in connection with this Agreement. No failure or delay on the part of Lender in exercising any right, power, or privilege hereunder will preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided herein are cumulative and not exclusive of any other rights or remedies provided at law or in equity. Borrower agrees to pay all costs of collection incurred by reason of the default, including court costs and reasonable attorney's fees.

7. **NOTICE.** Any written notice will be deemed effective on the date such notice is placed, first class, postage prepaid, in the United States mail, addressed to the party to which notice is being given as follows:

Lender: County of San Luis Obispo  
Attn: Auditor-Controller  
1055 Monterey St., Room D220  
San Luis Obispo, CA 93408

Borrower: Cayucos Fire Protection District  
Attn.: Director  
201 Cayucos Drive  
P.O. Box 707  
Cayucos, CA 93430

9. **GENERAL PROVISIONS.** All representations and warranties made in this Agreement and the Promissory Note and in any certificate delivered pursuant thereto shall survive the execution and delivery of this Agreement and the making of any loans hereunder. This Agreement will be binding upon and inure to the benefit of Borrower and Lender, their respective successors and assigns, except that Borrower may not assign or transfer its rights or delegate its duties hereunder without the prior written consent of Lender. This Agreement, the Promissory Note, and all documents and instruments associated herewith will be governed by and construed and interpreted in accordance with the laws of the State of California. Time is of the essence hereof. This Agreement will be deemed to express, embody, and supersede any previous understanding, agreements, or commitments, whether written or oral, between the parties with respect to the general subject matter hereof. This Agreement may not be amended or modified except in writing signed by the parties.

EXECUTED on the day and year first written above.

Borrower: Cayucos Fire Protection District

Lender: County of San Luis Obispo

  
\_\_\_\_\_  
Bill Shea-Director  
Printed Name and Title

\_\_\_\_\_  
James P. Erb, Auditor-Controller  
Printed Name and Title

2/7/13  
\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

PROMISSORY NOTE

\$250,000.00

San Luis Obispo, CA \_\_\_\_\_ Date

This Promissory Note (the "Note") is made and executed as of the date referred to above, by and between the Cayucos Fire Protection District (the Borrower"), and The County of San Luis Obispo ("Lender"). By this Note, the Borrower promises and agrees to pay to the order of Lender, the principal sum of Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00), or the aggregate unpaid principal amount of all advances made by Lender to Borrower pursuant to the terms of a Revolving Line of Credit Agreement (the "Loan Agreement") of even date herewith, whichever is less, together with interest thereon from the date each advance is made until paid in full at the rate equal to the County Treasury rate plus 0.50 percentage points compounded quarterly..

Borrower shall repay the entire outstanding principal balance plus accrued interest on the outstanding principal balance, in the fiscal year immediately following the fiscal year in which an advance has been made or sooner. Payment shall be made through withholding from the Fire Special Tax collected by the County Tax Collector from the Borrower's District and will be due twice a year.. The first installment will be due at the end of December and the second installment will be due at the end of April. If the District's Fire Special Tax receipts for the year are insufficient to cover the balance owed to the County, the County will withhold General Property Tax from the Borrower's District to satisfy the District's obligation..

Any notice or demand to be given to the parties hereunder shall be deemed to have been given to and received by them and shall be effective when personally delivered or when deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid, and addressed to the party at his or its last known address, or at such other address as one of the parties may hereafter designate in writing to the other party.

Borrower waives presentment for payment, protest, demand, notice of protest, notice of dishonor, and notice of nonpayment, and expressly agrees that this Note, or any payment hereunder, may be extended from time to time by the Lender without in any way affecting its liability hereunder.

In the event any payment under this Note is not made at the time and in the manner required, the Borrower agrees to pay any and all costs and expenses which may be incurred by the Lender hereof in connection with the enforcement of any of its rights under this Note or under any such other instrument, including court costs and reasonable attorneys' fees.

This Note shall be governed by and construed and enforced in accordance with the laws of California.

Borrower: Cayucos Fire Protection District

Lender: County of San Luis Obispo

Bill Shea-Director  
Printed Name and Title

James P. Erb, Auditor-Controller  
Printed Name and Title

2/7/13  
Date

\_\_\_\_\_  
Date