

CRESCENTA VALLEY WATER DISTRICT

FINANCE CORPORATION

**2700 Foothill Boulevard
La Crescenta, California**

**Agenda for the Annual Meeting
of the Crescenta Valley Water District Finance Corporation
to be held on Tuesday, August 11, 2020**

**Following consideration of Action Item #1 – Resolution 762 – Bond Financing Documents
in the Regular Board Meeting**

Posted: Friday, August 7, 2020 at 3:00 p.m.

TELECONFERENCING NOTICE

[This meeting will be held by teleconference only.]

Pursuant to the provisions of Executive Order N-29-20 issued by Governor Gavin Newsom on March 18, 2020, the public may not attend the meeting in person.

Any member of the public may participate using a touchtone phone. You may select any of the following phone numbers (there are more than one for increased reliability during this time of increased phone traffic)

(669) 900-6833

(346) 248-7799

(929) 205-6099

(253) 215-8782

(301) 715-8592

(312) 626-6799

Then, enter Access Code: 869-5832-8498

Those members of the public who are able to and would like to additionally participate through computer may access the Zoom teleconferencing tool available at the following link – <https://us02web.zoom.us/j/86958328498>.

Public comment may be made either by emailing comments ahead of the meeting or by speaking over the phone. Emailed comments will be sent to the Board of Directors prior to the meeting and posted on the District's website. Comments may be sent to Christy Colby, Regulatory and Public Affairs Manager, at (818) 248-3925 or customerservice@cvwd.com by 3pm on August 11, 2020.

Any person may make a request for a disability-related modification or accommodation needed for that person to be able to participate in the public meeting by contacting the District by phone or in writing at the above email address. Requests must specify the nature of the disability and the type of accommodation requested. A telephone number or other contact information should be included so that District staff may discuss appropriate arrangements. Persons requesting a disability-related accommodation should make the request with adequate time before the meeting for the District to provide the requested accommodation.

Any written materials distributed to the Board in connection with this agenda will be made available at the same time for public inspection at the District office located at the above address and posted on the District's website.

Call to Order

Public Comments

At this time the public shall have an opportunity to comment on any non-agenda item relevant to the subject matter jurisdiction of the Board. This opportunity is non-transferable and speakers are limited to one three (3) minute comment.

Consent Calendar

1. Consideration and Approval of the Minutes of the Meeting, December 12, 2018.

Action Calendar

The public shall have an opportunity to comment on any action item as each item is considered by the Board prior to any action being taken. This opportunity is non-transferable and speakers are limited to one two (2) minute comment.

1. **Election of Officers** – Election of President, Vice President and other officers of the of the Crescenta Valley Water District Finance Corporation for 2020.
2. **Report of Financial Compliance**
3. **Resolution No. 002** - Resolution of the Board of Directors of the Crescenta Valley Water District Finance Corporation authorizing the preparation, sale and delivery of revenue certificates of participation, approving certain documents with respect thereto and authorizing certain actions in connection therewith.

Board Members' Request for Future Agenda Items

Adjournment

**CRESCENTA VALLEY WATER DISTRICT
FINANCE CORPORATION
REGULAR MEETING, BOARD OF DIRECTORS**

December 12, 2018

The Meeting of the Board of Directors of Crescenta Valley Water District Finance Corporation was held on December 12, 2018, at 8:40 p.m., in the office of the District, at 2700 Foothill Boulevard, La Crescenta, California, with President James D. Bodnar presiding.

At roll call, the following Directors and District staff members were present:

Directors:	James D. Bodnar Michael L. Claessens Kerry D. Erickson Kenneth R. Putnam Judy L. Tejada Dominic Nunneri
Attorney:	
Executive Director:	
Secretary-Treasurer	Ron L. Mitchell
District Engineer:	David S. Gould

Public Comments – There were no public comments.

Consent Calendar

It was moved by Director Claessens, seconded by Director Tejada, and carried by a 5-0 vote to approve the Minutes of the Regular Meeting held on December 5, 2017.

ACTION CALENDAR

Election of Officers – After discussion, the following officers of the Finance Corporation were elected unanimously:

President:	James D. Bodnar
Vice President:	Kerry D. Erickson
Secretary-Treasurer:	Ron L. Mitchell
Executive Director:	Nemisciano Ochoa

Report of Financial Compliance– Mr. Mitchell informed the Board that all funds were spent on projects in previous years and that the District was in compliance with all reporting requirements.

It was moved by Director Claessens, seconded by Director Tejada, and carried by a 5-0 vote to accept the financial report.

ADJOURNMENT

There being no other business to come before the Board, at 8:43 p.m., the meeting was adjourned.

APPROVED:

James D. Bodnar
President

Ron L. Mitchell
Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT
FINANCE CORPORATION
BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 3
August 11, 2020

To: Honorable President and Members of the Board of Directors
From: Nem Ochoa – General Manager
Subject: **Consideration and Possible Approval of Resolution No.002 – authorizing the preparation, sale and delivery of revenue certificates of participation, approving certain documents with respect thereto and authorizing certain actions in connection therewith**

ACTION ITEM:

Consideration and Possible Approval of Resolution No.002 – authorizing the preparation, sale and delivery of revenue certificates of participation, approving certain documents with respect thereto and authorizing certain actions in connection therewith.

DISCUSSION:

The subject Resolutions being recommended for adoption authorizes and approves the form of all the foundational legal documents (the “Financing Documents”) necessary to provide for the successful issuance of the bonds. The adoption of the Resolution and Financing Documents are necessary to move forward with the financing.

RECOMMENDATION

It is staff’s recommendation that the Board adopt Resolution No. 002 and authorize the preparation, sale and delivery of revenue certificates of participation, approving certain documents with respect thereto and authorizing certain actions in connection therewith.

ATTACHMENTS

Attachment 1 – Resolution No. 002
Attachment 2 – Resolution No. District 762
Attachment 3 – Installment Purchase Agreement
Attachment 4 – Trust Agreement
Attachment 5 – Assignment Agreement
Attachment 6 – Preliminary Official Statement
Attachment 7 – Purchase Contract
Attachment 8 – Continuing Disclosure Certificate

Prepared by:



James Lee
Director of Finance & Administration

Submitted by:



Nem Ochoa
General Manager

RESOLUTION NO. 002

RESOLUTION OF THE CRESCENTA VALLEY WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF REVENUE CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Crescenta Valley Water District Financing Corporation (the “Corporation”) is a nonprofit public benefit corporation organized and existing under the laws of the State of California (the “State”) with the authority to assist in the acquisition and refinancing of water system acquisitions on behalf of the Crescenta Valley Water District (the “District”);

WHEREAS, the District, a county water district duly organized and existing under and pursuant to the Constitution and laws of the State, including County Water District Law, Division 12 of the Water Code, is authorized under the Constitution and laws of the State, including without limitation, Section 31042 of the Code, to acquire equipment and facilities as the District determines is in the best interests of the District; and

WHEREAS, the District and the Corporation desire to enter into that certain Installment Purchase Agreement (the “Installment Purchase Agreement”), the form of which has been presented to this Board of Directors at this meeting, pursuant to which the Corporation will assist the District in acquiring certain water facilities and pursuant to which the District will pay certain installment payments which will be pledged to the owners of the Certificates (defined below) by the Corporation pursuant to a Trust Agreement by and among U.S. Bank National Association, as trustee (the “Trustee”), the District and the Corporation (the “Trust Agreement”), the form of which has been presented to this Board of Directors at this meeting; and

WHEREAS, the Corporation will assign to the Trustee payments under the Installment Purchase Agreement, such assignment to be made pursuant to an Assignment Agreement by and between the Corporation and the Trustee (the “Assignment Agreement”), the form of which has been presented to this Board of Directors at this meeting; and

WHEREAS, the District will distribute a preliminary official statement (the “Preliminary Official Statement”) and a final official statement (the “Official Statement”) relating to the Certificates to prospective and actual purchasers of the Certificates; and

WHEREAS, the Corporation and the District have determined that it is in the best interests of the Corporation, the District and customers served by the District to authorize the preparation, sale and delivery of revenue certificates of participation in one or more series on a taxable or tax-exempt basis in an aggregate principal amount not to exceed \$12,500,000 pursuant to a Purchase Contract among the District, the Corporation and Stifel, Nicolaus & Company, Incorporated (the “Purchase Contract”) to accomplish the purposes listed in Section 1 below (collectively, the “Certificates”), which Certificates evidence proportionate interests in the installment payments to be made pursuant to the Installment Purchase Agreement

NOW, THEREFORE, the Board of Directors of the Corporation does hereby resolve as follows:

Section 1. Certificates. This Board of Directors hereby authorizes the preparation, sale and delivery of the Certificates in one or more series on a taxable or tax-exempt basis in an aggregate principal amount not to exceed \$12,500,000 to finance the purposes listed in clauses (i) through (iii) below in accordance with the terms and provisions of the Trust Agreement. The purposes for which the proceeds of the sale of the Certificates shall be expended are: (i) to construct and acquire certain capital improvements for the District's water system, as described in the Installment Purchase Agreement; (ii) to prepay in whole or in part the outstanding obligations under the Installment Sale Agreement, dated August 1, 2017, by and between District and Pacific Western Bank; (iii) to fund a debt service reserve fund, if applicable, and (iv) to pay the costs of the sale and delivery of the Certificates.

Section 2. Certificate Documents. The forms of the Installment Purchase Agreement, Assignment Agreement, Trust Agreement and Purchase Contract (collectively, the "Agreements") presented at this meeting are approved. The President or Vice President of the Corporation or the President's designee, or the Secretary of the Corporation or the General Manager of the District (each, an "Authorized Officer"), are authorized and directed, individually, to execute and deliver said Agreements. The Agreements shall be executed in substantially the forms hereby approved, with such changes, insertions and omissions as may be approved by General Counsel and Nixon Peabody, LLP, as Special Counsel to the Corporation and approved by such officers of the Corporation executing the Agreements, such approval to be conclusively evidenced by the execution and delivery or acknowledgement thereof. Further, Special Counsel is hereby directed to make all changes to the Agreements as are necessary to reflect the selection of a municipal bond insurer and a debt service reserve insurance policy provider, if any, and the reasonable comments thereof.

Section 3. Preliminary Official Statement. The form of the Preliminary Official Statement is hereby approved, with such changes, insertions and omissions as may be approved by General Counsel and Special Counsel. The Authorized Officers are hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and the Authorized Officers are hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by Special Counsel, said Authorized Officers' execution being conclusive evidence of such approval. The Underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the Certificates and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the Certificates.

Section 4. Good Faith Estimates. The good faith estimates of costs related to the Certificates which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this Resolution is approved.

Section 5. Other Actions. The Authorized Officers and the Secretary, and such other officers of the Corporation are authorized and directed, individually, to do any and all things and to execute and deliver any and all documents, including an insurance agreement or reserve fund surety agreement with a municipal bond insurer and escrow instructions to various parties in connection with the refunding of the obligations which are described in Section 1(ii), which they may deem necessary or advisable in order to consummate the sale and delivery of the Certificates,

the delivery of the Agreements and the Official Statement, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 6. Effect. This Resolution shall take effect from and after its date of adoption.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on August 11, 2020. Resolution No. 002 was adopted by the following vote:

AYES:	Director Erickson
	Director Putnam
	Director Bodnar
	Director Tejeda
	Director Raghavachary

NOES:	None
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ATTEST:

**President, Board of Directors
Crescenta Valley Water District**

Secretary of the Board of Directors

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District, DO
HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 002 of the
Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on
August 11, 2020 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: August 11, 2020

(S E A L)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Certificates in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the Corporation by Campanile Group, Inc. (the Corporation's "**Municipal Advisor**") in consultation with Stifel, Nicolaus & Company, Incorporated, the Underwriter of the Certificates.

Principal Amount. The Municipal Advisor has informed the Corporation that, based on the Corporation's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Certificates to be sold is \$11,950,000 (the "**Estimated Principal Amount**").

True Interest Cost of the Certificates. The Municipal Advisor has informed the Corporation that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 4.00%.

Finance Charge of the Certificates. The Municipal Advisor has informed the Corporation that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is \$233,350.

Amount of Proceeds to be Received. The Municipal Advisor has informed the Corporation that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the Corporation for sale of the Certificates, less the finance charge of the Certificates, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Certificates, is \$11,716,650.

Total Payment Amount. The Municipal Advisor has informed the Corporation that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the Corporation will make to pay debt service on the Certificates, plus the finance charge for the Certificates, as described above, not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is \$18,871,489.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Certificates issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Certificates being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Certificates sold being different from the Estimated Principal Amount; (c) the actual amortization of the Certificates being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Certificates being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the Corporation's financing plan, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if

any, attributable thereto. The actual date of sale of the Certificates and the actual principal amount of Certificates sold will be determined by the Corporation based on the timing of the need for proceeds of the Certificates and other factors. The actual interest rates borne by the Certificates will depend on market interest rates at the time of sale thereof. The actual amortization of the Certificates will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the Corporation.

RESOLUTION NO. 762

RESOLUTION OF THE CRESCENTA VALLEY WATER DISTRICT AUTHORIZING THE EXECUTION AND DELIVERY OF REVENUE CERTIFICATES OF PARTICIPATION AND APPROVING THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH AND CERTAIN OTHER MATTERS

WHEREAS, the Crescenta Valley Water District (the "District"), a county water district duly organized and existing under and pursuant to the Constitution and laws of the State of California (the "State"), including County Water District Law (the "Act"), Division 12 of the Water Code (the "Code"), is authorized under the Constitution and laws of the State, including without limitation, Section 31042 of the Code, to acquire equipment and facilities as the Board of the Directors of the District (the "Board") determines is in the best interests of the District;

WHEREAS, the Crescenta Valley Water District Financing Corporation (the "Corporation") is a nonprofit public benefit corporation organized and existing under the laws of the State of California with the authority to assist in the acquisition and refinancing of water system acquisitions on behalf of the Crescenta Valley Water District; and

WHEREAS, the District and the Corporation desire to enter into that certain Installment Purchase Agreement (the "Installment Purchase Agreement"), the form of which has been presented to this Board at this meeting, pursuant to which the Corporation will assist the District in acquiring certain water facilities and pursuant to which the District will pay certain installment payments which will be pledged to the owners of the Certificates (defined below) by the Corporation pursuant to a Trust Agreement by and among U.S. Bank National Association, as trustee (the "Trustee"), the District and the Corporation (the "Trust Agreement"), the form of which has been presented to this Board at this meeting; and

WHEREAS, the Corporation will assign to the Trustee payments under the Installment Purchase Agreement, such assignment to be made pursuant to an Assignment Agreement by and between the Corporation and the Trustee; and

WHEREAS, the Corporation and the District have determined that it is in the best interests of the Corporation, the District and customers served by the District to authorize the preparation, sale and delivery of revenue certificates of participation in one or more series on a taxable or tax-exempt basis in an aggregate principal amount not to exceed \$12,500,000 pursuant to a Purchase Contract (the "Purchase Contract") among the District, the Corporation and Stifel, Nicolaus & Company, Incorporated (the "Underwriter") to accomplish the purposes listed in Section 6 below (collectively, the "Certificates"), which Certificates evidence proportionate interests in the installment payments to be made pursuant to the Installment Purchase Agreement; **WHEREAS**, the District will execute and deliver a continuing disclosure certificate (the "Continuing Disclosure Certificate") for the benefit of the Owners (as defined in the Indenture) of the Certificates and in order to assist the Underwriter in complying with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12"); and

WHEREAS, the District will distribute a preliminary official statement (the "Preliminary Official Statement") and a final official statement (the "Official Statement") relating to the Certificates to prospective and actual purchasers of the Certificates; and

NOW, THEREFORE, the Board of Directors of the Crescenta Valley Water District hereby finds, determines, declares and resolves as follows:

Section 1. The Installment Purchase Agreement is hereby approved in substantially the form on file with the Secretary of the Board, with such changes, insertions and omissions as may be recommended or approved by General Counsel and the law firm of Nixon Peabody, LLP as special counsel ("Special Counsel"). The President, Vice-President, General Manager or Director of Finance and Administration or the written designee thereof, or the Secretary of the Board (each, an "Authorized Officer"), are hereby authorized and directed, individually, to execute and deliver such Installment Purchase Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel, said Authorized Officers' execution being conclusive evidence of such approval.

Section 2. The Trust Agreement is hereby approved in substantially the form on file with the Secretary of the Board, with such changes, insertions and omissions as may be recommended or approved by General Counsel and Special Counsel. The Authorized Officers are hereby authorized and directed to execute and deliver the Trust Agreement with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel, said Authorized Officers' execution being conclusive evidence of such approval.

Section 3. The Purchase Contract is hereby approved in substantially the form on file with the Secretary of the Board, with such changes, insertions and omissions as may be recommended or approved by General Counsel and Special Counsel. The Authorized Officers and the General Manager of the District are hereby authorized and directed to execute and deliver the Purchase Contract with such changes, insertions and omissions as may be recommended by General Counsel or Special Counsel, said Authorized Officers' execution being conclusive evidence of such approval; provided, however, that in no event shall the aggregate principal amount of the Certificates exceed \$12,500,000 (except that such principal amount may be increased to provide original issue discount), nor shall the underwriter's discount exceed 0.685% of the principal amount of the Certificates, nor shall the true interest cost exceed 4.00%.

Section 4. The Continuing Disclosure Certificate is hereby approved in substantially the form on file with the Secretary of the Board, with such changes, insertions and omissions as may be recommended or approved by General Counsel and Special Counsel. The Authorized Officers are hereby authorized and directed to execute and deliver the Continuing Disclosure Certificate with such changes, insertions and omissions as may be approved by Special Counsel, said Authorized Officers' execution being conclusive evidence of such approval.

Section 5. The preparation and distribution of the Preliminary Official Statement, in substantially the form on file with the Secretary of the Board, is hereby approved, subject to final approval as to form by General Counsel and Special Counsel. The Authorized Officers hereby authorized to sign a certificate pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 relating to the Preliminary Official Statement and the Authorized Officers are hereby authorized and directed to execute, approve and deliver the final Official Statement in the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by Special Counsel, said Authorized Officers' execution being conclusive evidence of such approval. The Underwriter is hereby authorized to distribute copies of said Preliminary Official Statement to persons who may be interested in the initial purchase of the

Certificates and is directed to deliver copies of any final Official Statement to all actual initial purchasers of the Certificates.

Section 6. The Board hereby authorizes the preparation, sale and delivery of the Certificates in one or more series on a taxable or tax-exempt basis in an aggregate principal amount not to exceed \$12,500,000: (i) to construct and acquire certain capital improvements for the District's water system, as described in the Installment Purchase Agreement; (ii) to prepay in whole or in part the outstanding obligations under the Installment Sale Agreement, dated August 1, 2017, by and between the District and the Pacific Western Bank; (iii) fund a debt service reserve fund, if applicable; and (iv) to pay the costs of the sale and delivery of the Certificates, all in accordance with the terms and provisions of the Trust Agreement.

Section 7. The Authorized Officers, and such other officers of the District are authorized and directed, individually, to do any and all things and to execute and deliver any and all documents, including an insurance agreement or reserve fund surety agreement with a municipal bond insurer and escrow instructions to various parties in connection with the refunding of the obligations which are described in Section 6(ii), which they may deem necessary or advisable in order to consummate the sale and delivery of the Certificates, and otherwise effectuate the purposes of this Resolution, and such actions previously taken by such officers are hereby ratified and confirmed.

Section 8. U.S. Bank National Association, Los Angeles, California, is hereby appointed to act as Trustee under the Trust Agreement. Campanile Group, Inc., Los Angeles, California, is hereby appointed to act as the Municipal Advisor. Nixon Peabody LLP, Los Angeles, California is hereby appointed to act as Special Counsel. Kutak Rock LLP, Los Angeles, California, is hereby appointed to act as Disclosure Counsel. Stifel, Nicolaus & Company, Incorporated, Los Angeles, California is hereby appointed to act as Underwriter.

Section 9. The good faith estimates of costs related to the Certificates which are required by Section 5852.1 of the California Government Code are disclosed in Exhibit A hereto and are available to the public at the meeting at which this resolution is approved.

Section 10. Unless otherwise defined herein, all terms used herein and not otherwise defined shall have the meanings given such terms in the Trust Agreement unless the context otherwise clearly requires.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on August 11, 2020. Resolution No. 762 was adopted by the following vote:

AYES:

**Director Erickson
Director Putnam**

**Director Bodnar
Director Tejeda
Director Raghavachary**

NOES: None

ATTEST:

**President, Board of Directors
Crescenta Valley Water District**

Secretary of the Board of Directors

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) ss.

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District, DO
HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 762 of the
Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on
August 11, 2020 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: August 11, 2020

(S E A L)

EXHIBIT A

GOOD FAITH ESTIMATES

The good faith estimates set forth herein are provided with respect to the Certificates in accordance with California Government Code Section 5852.1. Such good faith estimates have been provided to the District by Campanile Group, Inc. (the District's "**Municipal Advisor**") in consultation with Stifel, Nicolaus & Company, Incorporated, the Underwriter of the Certificates.

Principal Amount. The Municipal Advisor has informed the District that, based on the District's financing plan and current market conditions, its good faith estimate of the aggregate principal amount of the Certificates to be sold is \$11,950,000 (the "**Estimated Principal Amount**").

True Interest Cost of the Certificates. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the true interest cost of the Certificates, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the Certificates, is 4.00%.

Finance Charge of the Certificates. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the finance charge for the Certificates, which means the sum of all fees and charges paid to third parties (or costs associated with the Certificates), is \$233,350.

Amount of Proceeds to be Received. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the amount of proceeds expected to be received by the District for sale of the Certificates, less the finance charge of the Certificates, as estimated above, and any reserves or capitalized interest paid or funded with proceeds of the Certificates, is \$11,716,650.

Total Payment Amount. The Municipal Advisor has informed the District that, assuming that the Estimated Principal Amount of the Certificates is sold, and based on market interest rates prevailing at the time of preparation of such estimate, its good faith estimate of the total payment amount, which means the sum total of all payments the District will make to pay debt service on the Certificates, plus the finance charge for the Certificates, as described above, not paid with the proceeds of the Certificates, calculated to the final maturity of the Certificates, is \$18,871,489.

The foregoing estimates constitute good faith estimates only. The actual principal amount of the Certificates issued and sold, the true interest cost thereof, the finance charges thereof, the amount of proceeds received therefrom and total payment amount with respect thereto may differ from such good faith estimates due to: (a) the actual date of the sale of the Certificates being different than the date assumed for purposes of such estimates; (b) the actual principal amount of Certificates sold being different from the Estimated Principal Amount; (c) the actual amortization of the Certificates being different than the amortization assumed for purposes of such estimates; (d) the actual market interest rates at the time of sale of the Certificates being different than those estimated for purposes of such estimates; (e) other market conditions; or (f) alterations in the District's financing plan, delays in the financing, additional legal work or a combination of such factors and additional finance charges, if any,

attributable thereto. The actual date of sale of the Certificates and the actual principal amount of Certificates sold will be determined by the District based on the timing of the need for proceeds of the Certificates and other factors. The actual interest rates borne by the Certificates will depend on market interest rates at the time of sale thereof. The actual amortization of the Certificates will also depend, in part, on market interest rates at the time of sale thereof. Market interest rates are affected by economic and other factors beyond the control of the District.

INSTALLMENT PURCHASE AGREEMENT

by and between

CRESCENTA VALLEY WATER DISTRICT

and

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

Dated as of September 1, 2020

Relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2020

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT is made and entered into and dated as of September 1, 2020, by and between CRESCENTA VALLEY WATER DISTRICT, a county water district that is duly organized and existing under and by virtue of the laws of the State of California (the “**District**”), and CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION, a nonprofit public benefit corporation that is duly organized and existing under and by virtue of the laws of the State of California (the “**Corporation**”).

RECITALS

A. The District proposes to finance the acquisition and construction of certain capital improvements, betterments, renovations and expansions of facilities within its Water System, as described in Exhibit A (collectively, the “**2020 Project**”).

B. The District also proposes to refinance its payment obligations with respect to the Installment Purchase Agreement, dated as of August 1, 2017 (the “2017 Installment Purchase Agreement”), by and between the District and Pacific Western Bank, entered into to refinance certain capital improvements within its Water System, as described in Exhibit A (collectively, the “**Prior Project**”).

C. The Corporation has agreed to assist the District to finance the 2020 Project and to refinance the Prior Project.

D. The District is authorized under Division 12 of the Water Code of the State of California, including but not limited to Chapter 1 of Part 5 thereof, to acquire and construct capital improvements, betterments, renovations and expansions of facilities within its Water System and by Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, to refinance the acquisition and construction of capital improvements, betterments, renovations and expansions of facilities within its Water System.

E. The District and the Corporation have duly authorized the execution of this Installment Purchase Agreement.

F. All acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and delivery of this Installment Purchase Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Installment Purchase Agreement.

NOW, THEREFORE, IN CONSIDERATION OF THESE PREMISES AND OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

DEFINITIONS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms used herein and not defined herein shall have the meanings ascribed thereto in the Trust Agreement.

Accountant's Report

The term "Accountant's Report" means a report signed by an Independent Certified Public Accountant.

Additional Revenues

The term Additional Revenues means, with respect to the issuance of any Contract or Bonds, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions to or improvements or extensions of the Water System to be made with the proceeds of such Contract or Bonds, and also for Net Revenues from any such additions, improvements or extensions which have been made from moneys from any source but in any case which, during all or any part of such Fiscal Year or such 12-month period, were not in service, all in an amount equal to 90% of the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown in the written report of an independent consultant engaged by the District.

(ii) An allowance for revenues projected to arise from any increase in the including adjustments to give effect as of the first day of such twelve-month period to increases in rates and charges for the Water Service approved and in effect as of the date of calculation which has been approved by the Board of Directors of the District prior to the incurring of such additional indebtedness but which, during all or any part of such Fiscal Year or such 12-month period, was not in effect, in an amount equal to the amount by which the Net Revenues would have been increased if such increase in rates and charges had been in effect during the whole of such Fiscal Year or such 12-month period, all as shown in the written report of an independent consultant engaged by the District. For the avoidance of doubt, a rate and charge shall be considered to have been approved by the Board and may be considered in the calculation of the allowance described in the previous sentence if the rate or charge is part of a multi-year rate increase that has been approved by the Board, even if the specific rate or charge will not take effect until a subsequent Fiscal Year.

Annual Debt Service

The term "Annual Debt Service" means, for any Fiscal Year, the sum of:

(1) the interest payable during such Fiscal Year on all outstanding Bonds, assuming that all outstanding serial Bonds are retired as scheduled and that all outstanding term Bonds are prepaid

or paid from sinking fund payments as scheduled (except to the extent that such interest is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program);

(2) that portion of the principal amount of all outstanding serial Bonds payable in such Fiscal Year, but excluding Excluded Principal;

(3) that portion of the principal amounts of all outstanding term Bonds required to be prepaid or paid in such Fiscal Year, but excluding Excluded Principal; and

(4) that portion of the Installment Payments required to be made during such Fiscal Year (except to the extent that the interest portion of such Installment Payments is capitalized or is reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program), and except for Excluded Principal);

provided that, as to any such Bonds or Installment Payments bearing or comprising interest at other than a fixed rate, the rate of interest used to calculate Annual Debt Service shall be assumed to bear interest at a fixed rate equal to the higher of:

(i) the then current variable interest rate borne by such Bonds or Contracts plus 1%, and

(ii) the highest average variable rate borne over a six-month period during the preceding 24 months by outstanding variable rate debt issued by the District or, if no such variable rate debt is at the time outstanding, by variable rate debt of which the interest rate is computed by reference to an index comparable to that to be utilized in determining the interest rate for the debt then proposed to be issued;

provided further that if any series or issue of such Bonds or Installment Payments have twenty-five percent (25%) or more of the aggregate principal amount of such series or issue due in any one year (and such principal is not Excluded Principal), Annual Debt Service shall be determined for the Fiscal Year of determination as if the principal of and interest on such series or issue of such Bonds or Installment Payments were being paid from the date of incurrence thereof in substantially equal annual amounts over a period of thirty (30) years from the date of calculation; and

provided further that the amount on deposit in a debt service reserve fund on any date of calculation of Annual Debt Service shall be deducted from the amount of principal due at the final maturity of the Bonds and Contracts for which such debt service reserve fund was established and in each preceding year until such amount is exhausted; and

provided further that Annual Debt Service shall be reduced by the amount of investment earnings credited to any debt service fund created with respect to Contracts or Bonds.

Bonds

The term “Bonds” means all revenue bonds or notes of the District authorized, executed, issued and delivered by the District, the payments of which are on a parity with the Series 2020 Installment Payments and which are secured by a pledge of and lien on the Revenues and payable from Net Revenues.

Certificates

The term “Certificates” means the Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 executed and delivered pursuant to the Trust Agreement.

Contracts

The term “Contracts” means this Installment Purchase Agreement and any amendments and supplements hereto, and all contracts of the District authorized and executed by the District, the Installment Payments under which are on a parity with the Series 2020 Installment Payments and which are secured by a pledge and lien on the Revenues and payable from Net Revenues.

Corporation

The term “Corporation” means Crescenta Valley Water District Financing Corporation, a nonprofit public benefit corporation that is duly organized and existing under and by virtue of the laws of the State of California.

District

The term “District” means Crescenta Valley Water District, a county water district that is duly organized and existing under and by virtue of the laws of the State of California, including the Law.

Event of Default

The term “Event of Default” means an event described in Section 8.1.

Excluded Principal

The term “Excluded Principal” means each payment of principal of any Bond or Contract for which there is on file with the Trustee: (1) a certificate of an Independent Municipal Advisor to the effect that such Bond or Contract is commercial paper or otherwise of a revolving or short-term nature and has a maturity of less than 42 months; and (2) a certificate of an authorized representative of the District to the effect that the District intends to pay such principal from the proceeds of Bonds or Contracts or other bonds, notes or other obligations of the District. No such determination shall affect the security for such Bonds or Contracts or the obligation of the District to pay such Bonds or Contracts from Net Revenues.

Fiscal Year

The term “Fiscal Year” means the period beginning on July 1 of each year and ending on the last day of June of the next succeeding year, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

Independent Certified Public Accountant

The term “Independent Certified Public Accountant” means any firm of certified public accountants appointed by the District, and each of whom is independent pursuant to the Statement on Auditing Standards No. 1 of the American Institute of Certified Public Accountants.

Independent Municipal Advisor

The term “Independent Municipal Advisor” means a financial consultant or firm of such consultants appointed by the District, and who, or each of whom:

- (1) is in fact independent and not under domination of the District;
- (2) does not have any substantial interest, direct or indirect, with the District;
- (3) is an Independent Registered Municipal Advisor under Section 15B of the Securities Exchange Act of 1934; and
- (4) is not connected with the District as an officer or employee of the District, but who may be regularly retained to make reports to the District.

Installment Payment Date; Series 2020 Installment Payment Date

The term “Installment Payment Date” means any date on which Installment Payments are scheduled to be paid by the District under and pursuant to any Contract. The term “Series 2020 Installment Payment Date” means the second Business Day preceding each Payment Date pursuant to the Trust Agreement.

Installment Payments; Series 2020 Installment Payments

The term “Installment Payments” means the payments scheduled to be paid by the District under and pursuant to the Contracts. The term “Series 2020 Installment Payments” means the Installment Payments scheduled to be paid by the District under and pursuant hereto.

Installment Purchase Agreement

The term “Installment Purchase Agreement” means this Installment Purchase Agreement, by and between the District and the Corporation, dated as of September 1, 2020, as originally executed and as it may from time to time be amended or supplemented in accordance herewith.

Law

The term “Law” means, collectively, the County Water District Law of the State of California (being Division 12 of the Water Code of the State of California, as amended), including all laws

amendatory thereof or supplemental thereto, and Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California including all laws amendatory thereof or supplemental thereto.

Manager

The term “Manager” means the General Manager of the District, or any other person designated by the General Manager to act on behalf of the General Manager.

Maximum Annual Debt Service

The term “Maximum Annual Debt Service” means an amount equal to the largest Annual Debt Service for all future Fiscal Years beginning in the Fiscal Year in which the calculation is made.

Net Proceeds

The term “Net Proceeds” means, when used with respect to any casualty insurance or condemnation award, the proceeds from such insurance or condemnation award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

Net Revenues

The term “Net Revenues” means, for any Fiscal Year, the Revenues for such Fiscal Year less the Operation and Maintenance Costs for such Fiscal Year.

Operation and Maintenance Costs

The term “Operation and Maintenance Costs” means the reasonable and necessary costs and expenses paid by the District for maintaining and operating the Water System, including but not limited to the reasonable expenses of management and repair and other costs and expenses necessary to maintain and preserve the Water System in good repair and working order, and including but not limited to administrative costs of the District attributable to the Water System and the financing thereof, including but not limited to salaries and wages of employees, payment to employees retirement system (to the extent paid from Revenues), overhead taxes (if any), fees of auditors, accountants, consultants attorneys or engineers and insurance premiums along with all other reasonable and necessary costs of the District or charges (other than debt service payments) required to be paid by it to comply with the terms of the Certificates or of this Installment Purchase Agreement or any Contract or of any resolution or indenture authorizing the issuance of any Bonds or of such Bonds; and cost of purchased water, including but not limited to water purchased by the Water System; but excluding in all cases depreciation, replacement and obsolescence charges or reserves therefor and amortization of intangibles, non-cash items, realized gain or loss or other bookkeeping entries of a similar nature.

Project; Prior Project; 2020 Project

The term “Project” means any additions, betterments, extensions or improvements to the District’s Water System designated by the Board of Directors of the District as a Project, the acquisition and construction of which has been or will be paid for with the proceeds of any Contracts or Bonds. The term “Prior Project” means the existing additions, betterments, extensions and improvements to

the Water System described as such in Exhibit A hereto. The term “2020 Project” means the additions, betterments, extensions and improvements to the Water System described as such in Exhibit A hereto.

Purchase Price

The term “Purchase Price” means the principal amount plus interest thereon owed by the District to the Corporation under the terms hereof as provided in Section 4.1.

Rate Stabilization Fund

The term “Rate Stabilization Fund” means the District account created pursuant to Section 5.5 hereof.

Revenues

The term “Revenues” means all income, rents, rates, fees, charges and other moneys derived by the District from the ownership or operation of the Water System on or after the date hereof, including, without limiting the generality of the foregoing:

(1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the business of the Water System;

(2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including Water System reserves;

(3) the proceeds of any development impact capacity fees or any connection fees collected by the District in connection with the Water System;

(4) the proceeds of any stand-by or water availability charges collected by the District in connection with the Water System; and

(5) deposits to the Revenue Fund from amounts on deposit in the Rate Stabilization Fund in accordance with Section 5.5 hereof,

but excluding any Revenues transferred from the Revenue Fund to the Rate Stabilization Fund in accordance with Section 5.2(c) hereof, all amounts reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program)), customers’ deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District and excluding any proceeds of taxes or assessments restricted by law to be used by the District to pay bonds hereafter issued.

Revenue Fund

The term “Revenue Fund” means the Revenue Fund established herein pursuant to Section 5.2 hereof.

Subordinate Obligations

The term “Subordinate Obligations” means all revenue bonds or notes of the District and all contracts of the District payable from Revenues, which are secured by a pledge and lien on the Revenues subordinate to the pledge of and lien on the Revenues described in Section 5.1 hereof and which are payable from Net Revenues on a subordinate basis to the Installment Payments.

Trust Agreement

The term “Trust Agreement” means the Trust Agreement, dated as of September 1, 2020, by and among the District, the Corporation and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with its terms.

Trustee

The term “Trustee” means U.S. Bank National Association, Los Angeles, California, acting in its capacity as Trustee under and pursuant to the Trust Agreement, and its successors and assigns.

2017 Installment Purchase Agreement

The term “2017 Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of August 1, 2017, by and between Pacific Western Bank and the District, as amended or supplemented from time to time in accordance therewith.

Water Service

The term “Water Service” means the water service made available or provided by the Water System, including wholesale water sales to other retail water providers.

Water System

The term “Water System” means the whole and each and every part of the water system of the District, including the portion thereof existing on the date hereof, and including the 2020 Project and all additions, betterments, extensions and improvements to the Water System or any part thereof hereafter acquired or constructed.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

Section 2.1. Representations by the District. The District makes the following representations:

(a) The District is a county water district that is duly organized and existing under and pursuant to the laws of the State of California.

(b) The District has full legal right, power and authority to enter into this Installment Purchase Agreement and carry out its obligations hereunder, to carry out and consummate all other transactions contemplated by this Installment Purchase Agreement, and the District has complied with the provisions of the Law in all matters relating to such transactions.

(c) By proper action, the District has duly authorized the execution, delivery and due performance of this Installment Purchase Agreement.

(d) The District will not take or, to the extent within its power, permit any action to be taken which results in the interest paid for the installment purchase of the 2020 Project under the terms of this Installment Purchase Agreement being included in the gross income of the Corporation or its assigns for purposes of federal or State of California personal income taxation.

(e) The District has determined that it is necessary and proper for District uses and purposes within the terms of the Law that the District acquire the 2020 Project and refinance the acquisition of the Prior Project in the manner provided for in this Installment Purchase Agreement.

Section 2.2. Representations and Warranties by the Corporation. The Corporation makes the following representations and warranties:

(a) The Corporation is a nonprofit public benefit corporation duly organized and in good standing under the laws of the State of California, has full legal right, power and authority to enter into this Installment Purchase Agreement and to carry out and consummate all transactions contemplated by this Installment Purchase Agreement and by proper action has duly authorized the execution and delivery and due performance of this Installment Purchase Agreement.

(b) The execution and delivery of this Installment Purchase Agreement and the consummation of the transactions herein contemplated will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Corporation is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Corporation.

(c) The Corporation will not take or permit any action to be taken which results in interest paid for the installment purchase of the 2020 Project or refinancing of the Prior Project under the terms of this Installment Purchase Agreement being included in the gross income of the Corporation or its assigns for purposes of federal or State of California personal income taxation.

ARTICLE III

ACQUISITION OF THE 2020 PROJECT AND PRIOR PROJECT

Section 3.1. Acquisition and Construction of the 2020 Project. The Corporation hereby agrees to cause the 2020 Project, and any additions or modifications thereto to be constructed, acquired or installed by the District as its agent, and the District shall enter into contracts and provide for, as agent of the Corporation, the complete acquisition of the 2020 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2020 Project to be diligently performed after the deposit of funds with the District pursuant to the Trust Agreement, upon satisfactory completion of design work and compliance with CEQA and approval by the Board of Directors of the District, unforeseeable delays beyond the reasonable control of the District only excepted. It is hereby expressly understood and agreed that the Corporation shall be under no liability of any kind or character whatsoever for the payment of any cost of the 2020 Project and that all such costs and expenses shall

be paid by the District, regardless of whether the funds deposited in the Acquisition Fund are sufficient to cover all such costs and expenses.

Section 3.2. Changes to the 2020 Project. The District may substitute other improvements for those listed as components of the 2020 Project in Exhibit A hereto, but only if the District first files with the Corporation and the Trustee a statement of the District: (a) identifying the improvements to be substituted and the improvements to District facilities they replace in the 2020 Project; and (b) stating that the estimated costs of construction, acquisition and installation of the substituted improvements are not less than such costs for the improvements previously planned.

Section 3.3. Sale and Purchase of the Prior Project. The parties hereby confirm that the District currently has title to the Prior Project. In consideration for the Corporation's assistance in refinancing the Prior Project, the District agrees to sell, and hereby sells, to the Corporation, and the Corporation agrees to purchase and hereby purchases, from the District, the Prior Project in the manner and in accordance with the provisions of the Installment Purchase Agreement

Section 3.4. Purchase and Sale of the 2020 Project and the Prior Project. In consideration for the Series 2020 Installment Payments as set forth in Section 4.2, the Corporation agrees to sell, and hereby sells, to the District, and the District agrees to purchase, and hereby purchases, from the Corporation, the 2020 Project and the Prior Project at the purchase price specified in Section 4.1 hereof and otherwise in the manner and in accordance with the provisions of this Installment Purchase Agreement.

Section 3.5. Title. All right, title and interest in the 2020 Project shall vest in the District immediately upon acquisition of each component of the 2020 Project. All right, title and interest in each component of the Prior Project shall vest in the District immediately upon execution and delivery of the Installment Purchase Agreement. Such vesting shall occur without further action by the Corporation or the District, and the Corporation shall, if requested by the District or if necessary to assure such automatic vesting, deliver any and all documents which are required to assure such vesting.

Section 3.6. Acquisition Fund. There is hereby continued with the District a fund known as the "Acquisition Fund," which the District shall maintain and hold in trust separate and apart from other funds held by it. The moneys in the Acquisition Fund shall be applied to the payment of the costs of acquisition of the 2020 Project and of expenses incidental thereto. Before any payment is made from the Acquisition Fund, the Manager shall cause to be filed with the [Secretary-Treasurer] of the District a Written Requisition in the form set forth in Exhibit B hereto. Upon receipt of such Written Requisition, the [Secretary-Treasurer] will pay the amount set forth therein. The [Secretary-Treasurer] need not make any such payment if he or she has received notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys so to be paid, which has not been released and will not be released simultaneously with such payment.

When the 2020 Project shall have been constructed and acquired in accordance with this Installment Purchase Agreement, a statement of the District stating the fact and date of such acquisition, construction and acceptance and stating that all of such costs of acquisition and incidental expenses have been determined and paid (or that all of such costs and expenses have been paid less specified claims which are subject to dispute and for which a retention in the Acquisition Fund is to be maintained in the full amount of such claims until such dispute is resolved), shall be delivered to the [Secretary-Treasurer] of the District and the Trustee by the Manager. Upon the receipt of such statement, the [Secretary-Treasurer] of the District shall transfer any remaining balance in the

Acquisition Fund not needed for Acquisition Fund purposes (but less the amount of any such retention which amount shall be certified to the [Secretary-Treasurer] of the District by the Manager) to the Trustee, which shall transfer such amounts to the Revenue Fund.

ARTICLE IV

SERIES 2020 INSTALLMENT PAYMENTS

Section 4.1. Purchase Price.

(a) The Purchase Price to be paid by the District hereunder to the Corporation is the sum of the principal amount of the District's obligations hereunder plus the interest to accrue on the unpaid balance of such principal amount from the date hereof over the term hereof, subject to prepayment as provided in Article VII.

(b) The principal amount of the payments to be made by the District hereunder is set forth in Exhibit C hereto.

(c) The interest to accrue on the unpaid balance of such principal amount is as specified in Section 4.2 and Exhibit C hereto, and shall be paid by the District as and constitute interest paid on the principal amount of the District's obligations hereunder.

Section 4.2. Series 2020 Installment Payments. The District shall, subject to its rights of prepayment provided in Article VII, pay the Corporation the Purchase Price in installment payments of interest and principal in the amounts and on the Series 2020 Installment Payment Dates as set forth in Exhibit C hereto.

Each Series 2020 Installment Payment shall be paid to the Corporation in lawful money of the United States of America. In the event that the District fails to make any of the payments required to be made by it under this section, such payment shall continue as an obligation of the District until such amount shall have been fully paid, and the District agrees to pay the same with interest accruing thereon at the rate or rates of interest then applicable to the remaining unpaid principal balance of the Series 2020 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2020 Installment Payments is absolute and unconditional, and until such time as the Purchase Price shall have been paid in full (or provision for the payment thereof shall have been made pursuant to Article IX), the District will not discontinue or suspend any Series 2020 Installment Payments required to be made by it under this section when due, whether or not the Water System or any part thereof is operating or operable or has been completed, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

ARTICLE V

SECURITY

Section 5.1. Pledge of Revenues. All Revenues and all amounts on deposit in the Revenue Fund are hereby irrevocably pledged to the payment of the Series 2020 Installment Payments as

provided herein, and the Revenues shall not be used for any other purpose while any of the Series 2020 Installment Payments remain unpaid; provided that out of the Revenues and amounts on deposit in the Revenue Fund there may be apportioned such sums for such purposes as are expressly permitted herein. This pledge, together with the pledge created by all other Contracts and Bonds, shall constitute a first lien on Revenues, the Revenue Fund and all amounts on deposit in such funds as permitted herein and subject to the application of Revenues in accordance with the terms hereof.

Section 5.2. Allocation of Revenues. In order to carry out and effectuate the pledge and lien contained herein, the District agrees and covenants that all Revenues shall be received by "Revenue Fund" which fund the District agrees and covenants to maintain and to hold separate and apart from other funds so long as any Installment Payments or Bonds remain unpaid. Moneys in the Revenue Fund shall be used and applied by the District as provided in this Installment Purchase Agreement.

The District shall, from the moneys in the Revenue Fund, pay all Operation and Maintenance Costs (including amounts reasonably required to be set aside in contingency reserves for Operation and Maintenance Costs, the payment of which is not then immediately required) as such Operation and Maintenance Costs become due and payable. All remaining moneys in the Revenue Fund shall be set aside by the District at the following times in the following respective special funds in the following order of priority and all moneys in each of such funds shall be held in trust and shall be applied, used and withdrawn only for the purposes hereinafter authorized in this Section:

(a) Certificate Payment Fund. On or before each Series 2020 Installment Payment Date, the District shall, from the moneys in the Revenue Fund, transfer to the Trustee for deposit in the Certificate Payment Fund a sum equal to the Series 2020 Installment Payment coming due on such Series 2020 Installment Payment Date. The District shall also, from the moneys in the Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without any discrimination or preference, any other Annual Debt Service in accordance with the provisions of the Contract, resolution or indenture relating thereto.

No deposit need be made in the Certificate Payment Fund as Series 2020 Installment Payments if the amount in the Certificate Payment Fund is at least equal to the amount of the Series 2020 Installment Payment due and payable on the next succeeding Series 2020 Installment Payment Date.

All money in the Certificate Payment Fund shall be used and withdrawn by the Trustee in accordance with the Trust Agreement.

(b) Subordinate Obligations. On or before the payment of principal or interest is due with respect to any Subordinate Obligations, the District shall from moneys in the Revenue Fund, transfer to the applicable trustee or payee for deposit in the applicable payment fund, without preference or priority, and in the event of any insufficiency of such moneys ratably without discrimination or preference, payment on such Subordinate Obligations, in accordance with the provisions of such Subordinate Obligation.

(c) Surplus. Moneys on deposit in the Revenue Fund on each Installment Payment Date not required to make any of the payments required above may be expended by the District at any time for any purpose permitted by law, including but not limited to, transfers to the Rate Stabilization Fund.

Section 5.3. No Senior Obligations; Additional Contracts and Bonds; Subordinate Obligations. The District shall not incur any obligations that are secured by a pledge of and lien on the Revenues and payable from Net Revenues on a basis senior to the Series 2020 Installment Payments. The District may at any time execute any Contract or issue any Bonds, as the case may be, in accordance herewith; provided, the Net Revenues, calculated in accordance with sound accounting principles, for any twelve-month period within the eighteen months preceding the date of the execution of such Contract or the issuance of such Bonds, as the case may be, plus at the option of the District any Additional Revenues, all as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall demonstrate a sum equal to at least one hundred twenty-five percent (125%) of the Maximum Annual Debt Service (including such additional Contracts or Bonds).

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or Contracts may be delivered without satisfying the conditions set forth above if the Annual Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than Annual Debt Service would have been in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts. The District may incur Subordinate Obligations.

Section 5.4. Investments. All moneys held by the District in the Revenue Fund, the Rate Stabilization Fund and the Acquisition Fund shall be invested in Permitted Investments and the investment earnings thereon shall remain on deposit in such funds, except as otherwise provided herein.

Section 5.5. Rate Stabilization Fund. The District may maintain and hold a separate fund to be known as the “Rate Stabilization Fund.” The Rate Stabilization Fund is not pledged to secure the Installment Payments and shall not be pledged to secure the payment of the principal of or interest on any Parity Obligations. From time to time the District may deposit in the Rate Stabilization Fund, from Revenues or other available funds of the District after the payment of Installment Payments and the payment of principal of and interest on Bonds and Contracts, such amounts as the District shall determine; provided deposits for each Fiscal Year may be made during or within 270 days after the end of a Fiscal Year. The District may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any Fiscal Year, such withdrawals to be made during or within 270 days after the end of a Fiscal Year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues.

ARTICLE VI

COVENANTS OF THE DISTRICT

Section 6.1. Compliance with Installment Purchase Agreement and Ancillary Agreements. The District will punctually pay the Series 2020 Installment Payments in strict conformity with the terms hereof, and will faithfully observe and perform all of the agreements, conditions, covenants and terms contained herein required to be observed and performed by it, and will not terminate this Installment Purchase Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, destruction of or damage to the 2020 Project or the Prior Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of California or any political subdivision of either or any failure of the Corporation to observe or perform any agreement, condition, covenant or term contained herein required to be observed and performed by it, whether express or

implied, or any duty, liability or obligation arising out of or connected herewith or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Corporation or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, epidemic, pandemics or acts or regulations of governmental authorities.

The District will faithfully observe and perform all of the agreements, conditions, covenants and terms contained in the Trust Agreement required to be observed and performed by it, and it is expressly understood and agreed by and among the parties to this Installment Purchase Agreement and the Trust Agreement that, subject to Section 10.6 hereunder, each of the agreements, conditions, covenants and terms contained in each such agreement is an essential and material term of the purchase of and payment for the 2020 Project and the Prior Project by the District pursuant to, and in accordance with, and as authorized under the Law.

The District will faithfully observe and perform all the agreements, conditions, covenants and terms required to be observed and performed by it pursuant to all outstanding Contracts and Bonds as such may from time to time be executed or issued, as the case may be.

Section 6.2. Against Encumbrances. The District will not make any pledge of or place any lien on Revenues, the Revenue Fund or the moneys in the Revenue Fund or the Rate Stabilization Fund except as provided herein. The District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided herein.

Section 6.3. Against Sale or Other Disposition of Property. The District will not enter into any agreement or lease which impairs the operation of the Water System or any part thereof necessary to secure adequate Revenues for the payment of the Series 2020 Installment Payments, or which would otherwise impair the rights of the Corporation hereunder or the operation of the Water System. Any real or personal property which has become nonoperative or which is not needed for the efficient and proper operation of the Water System, or any material or equipment which has become worn out, may be sold if such sale will not impair the ability of the District to pay the Series 2020 Installment Payments and if the proceeds of such sale are deposited in the Revenue Fund.

Nothing herein shall restrict the ability of the District to sell any portion of the Water System if such portion is immediately repurchased by the District and if such arrangement cannot by its terms result in the purchaser of such portion of the Water System exercising any remedy which would deprive the District of or otherwise interfere with its right to own and operate such portion of the Water System.

Section 6.4. Against Competitive System. The District and the Corporation hereby acknowledge that certain public and private agencies, corporations, districts or other political subdivisions currently operate water supply and distribution systems within the boundaries of the District and that nothing contained in this Installment Purchase Agreement is intended to alter or affect such activities. The District: (a) will not, to the extent permitted by law, acquire, construct, maintain or operate; and (b) will not, to the extent permitted by law and within the scope of its powers, permit any other public or private agency, corporation, district or political subdivision or any person whomsoever to acquire, construct, maintain or operate within the service area of the Water System any water importation and treatment facilities competitive with the Water System.

Section 6.5. Tax Covenants. [The District and the Corporation each covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Certificates to fail to be excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the District and the Corporation each covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive the payment in full or the defeasance of the Certificates. Notwithstanding any provisions of this Section, if the District and the Corporation each shall provide to the Trustee an opinion of Special Counsel to the effect that any specified action required under this Section or the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Certificates, the District and the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District from issuing Certificates or executing and delivering Contracts, the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.]

Section 6.6. Maintenance and Operation of the Water System. The District will maintain and preserve the Water System in good repair and working order at all times, operate the Water System in an efficient and economical manner and pay all Operation and Maintenance Costs as they become due and payable.

Section 6.7. Payment of Claims. The District will pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on the Revenues or the funds or accounts created hereunder or under the Trust Agreement or on any funds in the hands of the District pledged to pay the Series 2020 Installment Payments or to the Owners prior or superior to the lien of the Series 2020 Installment Payments or which might impair the security of the Series 2020 Installment Payments.

Section 6.8. Compliance with Contracts. The District will comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the Water System and all other contracts affecting or involving the Water System, to the extent that the District is a party thereto.

Section 6.9. Insurance.

(a) The District will procure and maintain or cause to be procured and maintained insurance on the Water System with responsible insurers in such amounts and against such risks (including accident to or destruction of the Water System) as are usually covered in connection with facilities similar to the Water System so long as such insurance is available from reputable insurance companies.

In the event of any damage to or destruction of the Water System caused by the perils covered by such insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Water System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, and shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall

pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Water System shall be free and clear of all claims and liens.

If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be applied to such other fund or account as may be appropriate and used for the retirement of Bonds and Contracts other than this Installment Purchase Agreement.

(b) The District will procure and maintain such other insurance which it shall deem advisable or necessary to protect its interests and the interests of the Corporation, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with municipal water systems similar to the Water System.

(c) Any insurance required to be maintained by paragraph (a) above and, if the District determines to procure and maintain insurance pursuant to paragraph (b) above, such insurance, may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with municipal water systems similar to the Water System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained herein shall provide that the Trustee and the Corporation shall be given thirty (30) days' written notice of any intended cancellation thereof or reduction of coverage provided thereby.

Section 6.10. Accounting Records; Financial Statements and Other Reports. The District will keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Water System, which records shall be available for inspection by the Corporation and the Trustee at reasonable hours and under reasonable conditions. The Trustee shall have no duties to inspect such records.

Section 6.11. Protection of Security and Rights of the Corporation. The District will preserve and protect the security hereof and the rights of the Corporation to the Series 2020 Installment Payments hereunder and will warrant and defend such rights against all claims and demands of all persons.

Section 6.12. Payment of Taxes and Compliance with Governmental Regulations. The District will pay and discharge all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon the Water System, or any part thereof or upon the Revenues when the same shall become due. The District will duly observe and conform with all valid regulations and requirements of any governmental authority relative to the operation of the Water System, or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Section 6.13. Amount of Rates and Charges.

(a) The District, to the fullest extent permitted by law, will prescribe and assess at the commencement of each Fiscal Year rates and charges for Water Service which, when combined with other Revenues of the District, are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield Net Revenues during each Fiscal Year equal to one hundred twenty-five percent (125%) of the Annual Debt Service payable in such Fiscal Year. The District may

make adjustments from time to time in such rates and charges, and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless the Net Revenues are reasonably expected to be sufficient to meet the requirements of this Section.

(b) For the avoidance of doubt, so long as the District has complied with its obligations set forth in clause (a) above, the failure of Net Revenues to meet the threshold set forth in clause (a) above at the end of a Fiscal Year shall not constitute a default or an Event of Default so long as the District has complied with clause (a) at the commencement of the succeeding Fiscal Year.

Section 6.14. Collection of Rates and Charges. The District will have in effect at all times by-laws, rules and regulations requiring each customer who purchases water from the Water System to pay the rates and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill. In each case where such bill remains unpaid in whole or in part after it becomes delinquent, the District may disconnect such purchaser from the Water System, and such purchaser shall not thereafter be reconnected to the Water System except in accordance with District by-laws or rules and regulations governing such situations of delinquency.

Section 6.15. Eminent Domain Proceeds. If all or any part of the Water System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied toward the acquisition and construction of additions, betterments, extensions or improvements to the Water System, and any balance of such Net Proceeds not required by the District for such purpose shall be deposited in the Revenue Fund.

Section 6.16. Further Assurances. The District will adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance hereof and for the better assuring and confirming unto the Corporation of the rights and benefits provided to it herein.

Section 6.17. Enforcement of Contracts. So long as any of the Certificates are outstanding, the District will not voluntarily consent to or permit any rescission of, nor will it consent to any amendment to or otherwise take any action under or in connection with any contracts previously or hereafter entered into which contracts provide for water to be supplied to the District which will reduce the supply of water thereunder (except as provided therein) if such rescission or amendment would in any manner impair or adversely affect the rights of the owners from time to time of the Certificates.

ARTICLE VII

PREPAYMENT OF SERIES 2020 INSTALLMENT PAYMENTS

Section 7.1. Prepayment. The District may prepay the Series 2020 Installment Payments (as set forth in Exhibit C), as a whole or in part, in the order of payment date as directed by the District, on the date and at the prepayment price (expressed as a percentage of the principal amount of the Certificates to be prepaid) plus accrued interest thereon to the date of prepayment, as set forth in Section 4.1(a) of the Trust Agreement.

Notwithstanding any such prepayment, the District shall not be relieved of its obligations hereunder, including its obligations under Article IV, until the Purchase Price shall have been fully paid (or provision for payment thereof shall have been provided to the written satisfaction of the Corporation and the Trustee) and the requirements of Article IX hereof shall have been satisfied.

Section 7.2. Method of Prepayment. Before making any prepayment pursuant to Section 7.1, the District shall, within five (5) days following the event permitting the exercise of such right to prepay or creating such obligation to prepay or a determination to prepay, give written notice to the Corporation and the Trustee describing such event and specifying the date on which the prepayment will be paid, which date shall be not less than sixty (60) nor more than seventy-five (75) days from the date such notice is given.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF THE CORPORATION

Section 8.1. Events of Default and Acceleration of Maturities. If one or more of the following Events of Default shall happen, that is to say:

(a) if default shall be made by the District in the due and punctual payment of any Series 2020 Installment Payment or any Contract or Bond when and as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the agreements or covenants required herein or in connection with any Contract or Bond to be performed by it, and such default shall have continued for a period of sixty (60) days after the District shall have been given notice in writing of such default by the Corporation; provided, however, that if in the reasonable opinion of the District the default stated in the notice can be corrected, but not within such sixty (60) day period, and corrective action is instituted by the District within such sixty (60) day period and diligently pursued in good faith until the default is corrected, such default shall not be an Event of Default hereunder;

(c) if the District shall file a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if a court of competent jurisdiction shall approve a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or if under the provisions of any other law for the relief or aid of debtors any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property; or

(d) if payment of the principal of any Contract or Bond is accelerated in accordance with its terms;

then and in each and every such case upon the occurrence of such Event of Default specified in clauses (c) and (d) above, without any notice to the District or any other act by any person, the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon shall be immediately due and payable, and for any other Event of Default the Corporation may, by notice in writing to the District declare the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything contained herein to the contrary notwithstanding.

This section, however, is subject to the condition that if at any time after the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon shall have been so declared due and payable and before any judgment or decree for the payment of the moneys due shall have been obtained or entered the District shall deposit with the Corporation a sum sufficient to pay the unpaid principal amount of the Series 2020 Installment Payments or the unpaid payment of any other Contract or Bond referred to in clause (a) above due prior to such declaration and the accrued interest thereon, with interest on such overdue installments, at the rate or rates applicable to the remaining unpaid principal balance of the Series 2020 Installment Payments or such Contract or Bond if paid in accordance with their terms, and the reasonable expenses of the Corporation, and any and all other defaults known to the Corporation (other than in the payment of the entire principal amount of the unpaid Series 2020 Installment Payments and the accrued interest thereon due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Corporation, if appropriate, or provision deemed by the Corporation, if appropriate, to be adequate shall have been made therefor, then and in every such case the Corporation, if appropriate by written notice to the District, may rescind and annul such declaration and its consequences; but no such rescission and annulment shall extend to or shall affect any subsequent default or shall impair or exhaust any right or power consequent thereon.

Section 8.2. Application of Funds Upon Acceleration. Upon the date of the declaration of acceleration as provided in Section 8.1, all Revenues thereafter received by the District shall be applied in the following order:

First, to the payment, without preference or priority, and in the event of any insufficiency ratably without any discrimination or preference, of the fees, costs and expenses (including legal fees and expenses) of the Trustee in all of its capacities, if any, in carrying out the provisions of the Installment Purchase Agreement and the Trust Agreement, and then to the fees, costs and expenses (including legal fees and expenses) of the Corporation, if any, in carrying out the provisions of the Installment Purchase Agreement and the Trust Agreement, including reasonable compensation to their respective accountants and counsel;

Second, to the payment of the Operation and Maintenance Costs;

Third, to the payment of the entire principal amount of the unpaid Series 2020 Installment Payments and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the Series 2020 Installment Payments and such Bonds and Contracts if paid in accordance with their respective terms; and

Fourth, to the payment of Subordinate Obligations in accordance with the terms thereof.

Section 8.3. Other Remedies of the Corporation. The Corporation shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform and carry out its or his duties under the Law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Corporation; or

(c) by suit in equity upon the happening of an Event of Default to require the District and its directors, officers and employees to account as the trustee of an express trust.

Notwithstanding anything contained herein, the Corporation shall have no security interest in or mortgage on the 2020 Project, the Prior Project, the Water System or other assets of the District and no default hereunder shall result in the loss of the 2020 Project, the Prior Project, the Water System, or other assets of the District.

Section 8.4. Non-Waiver. Nothing in this article or in any other provision hereof shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Series 2020 Installment Payments to the Corporation at the respective due dates or upon prepayment from the Net Revenues, the Revenue Fund, the Rate Stabilization Fund and the other funds herein pledged for such payment, or shall affect or impair the right of the Corporation, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied herein.

A waiver of any default or breach of duty or contract by the Corporation shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Corporation to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Corporation by the Law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Corporation.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Corporation, the District and the Corporation shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 8.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Corporation is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by the Law or any other law.

Section 8.6. Exercise of Remedies. Notwithstanding any other provision of this Article VIII: (a) this Installment Purchase Agreement and all rights and remedies of the Corporation hereunder have been assigned as of the date hereof by the Corporation to the Trustee; and (b) the exercise by the Trustee of such rights and remedies shall be subject to the provisions of Section 7.13 of the Trust Agreement, which is incorporated herein by this reference and made a part hereof.

ARTICLE IX

DISCHARGE OF OBLIGATIONS

Section 9.1. Discharge of Obligations. When:

(a) all or any portion of the Series 2020 Installment Payments shall have become due and payable in accordance herewith or a written notice of the District to prepay all or any portion of the Series 2020 Installment Payments shall have been filed with the Trustee; and

(b) there shall have been deposited with the Trustee at or prior to the Series 2020 Installment Payment Dates or date (or dates) specified for prepayment, in trust for the benefit of the Corporation or its assigns and irrevocably appropriated and set aside to the payment of all or any portion of the Series 2020 Installment Payments, sufficient moneys and non-callable Permitted Investments, issued by the United States of America and described in clause (A) of the definition thereof, the principal of and interest on which when due will provide money sufficient to pay all principal, prepayment premium, if any, and interest of such Series 2020 Installment Payments to their respective Series 2020 Installment Payment Dates or prepayment date or dates as the case may be; and

(c) provision shall have been made for paying all fees and expenses of the Trustee,

then and in that event, the right, title and interest of the Corporation herein and the obligations of the District hereunder shall, with respect to all or such portion of the Series 2020 Installment Payments as have been so provided for, thereupon cease, terminate, become void and be completely discharged and satisfied (except for the right of the Trustee and the obligation of the District to have such moneys and such Permitted Investments applied to the payment of such Series 2020 Installment Payments).

In such event, upon request of the District the Trustee shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary or desirable to evidence such total or partial discharge and satisfaction, as the case may be, and, in the event of a total discharge and satisfaction, the Trustee shall pay over to the District, after payment of all amounts due the Trustee pursuant to the Trust Agreement as an overpayment of Series 2020 Installment Payments, all such moneys or such Permitted Investments held by it pursuant hereto other than such moneys and such Permitted Investments, as are required for the payment or prepayment of the Series 2020 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2020 Installment Payments and shall be applied by the Trustee to the payment of the Series 2020 Installment Payments of the District.

ARTICLE X

MISCELLANEOUS

Section 10.1. Liability of District Limited. Notwithstanding anything contained herein, the District shall not be required to advance any moneys derived from any source of income other than the Net Revenues and the other funds provided herein and in the Trust Agreement for the payment of the Series 2020 Installment Payments or for the performance of any agreements or covenants required to be performed by it contained herein. The District may, however, advance moneys for any such purpose

so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

The obligation of the District to make the Series 2020 Installment Payments is a special obligation of the District payable solely from such Net Revenues and other funds described herein, and does not constitute a debt of the District or of the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limitation or restriction.

Section 10.2. Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District or the Corporation and its assigns any right, remedy or claim under or pursuant hereto, and any agreement or covenant required herein to be performed by or on behalf of the District or the Corporation shall be for the sole and exclusive benefit of the other party.

Section 10.3. Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Corporation is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Corporation, and all agreements and covenants required hereby to be performed by or on behalf of the District or the Corporation shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 10.4. Waiver of Personal Liability. No director, officer or employee of the District shall be individually or personally liable for the payment of the Series 2020 Installment Payments, but nothing contained herein shall relieve any director, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or hereby.

Section 10.5. Article and Section Headings, Gender and References. The headings or titles of the several articles and sections hereof and the table of contents appended hereto shall be solely for convenience of reference and shall not affect the meaning, construction or effect hereof, and words of any gender shall be deemed and construed to include all genders. All references herein to “Articles,” “Sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and the words “hereby,” “herein,” “hereof,” “hereto,” “herewith” and other words of similar import refer to the Installment Purchase Agreement as a whole and not to any particular article, section, subdivision or clause hereof.

Section 10.6. Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required hereby to be performed by or on the part of the District or the Corporation shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity hereof. The District and the Corporation hereby declare that they would have executed the Installment Purchase Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Section 10.7. Assignment. This Installment Purchase Agreement and all right, title and interest of the Corporation hereunder including its right to receive the Series 2020 Installment

Payments shall be assigned by the Corporation to the Trustee, pursuant to the Assignment Agreement with the express consent of the District.

Section 10.8. Net Contract. The Installment Purchase Agreement shall be deemed and construed to be a net contract, and the District shall pay absolutely net during the term hereof the Installment Payments and all other payments required hereunder, free of any deductions and without abatement, diminution or set-off whatsoever.

Section 10.9. California Law. THE INSTALLMENT PURCHASE AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 10.10. Notices. All written notices to be given hereunder shall be given by electronic transmission or mail to the party entitled thereto at its address set forth below, or at such other address as such party may provide to the other party in writing from time to time, namely:

If to the District: Crescenta Valley Water District
2700 Foothill Boulevard
La Crescenta, CA 91214
Attention: General Manager
Telephone: (818) 248-3925
Facsimile: (818) 248-1659

If to the Corporation: Crescenta Valley Water District
Financing Corporation
2700 Foothill Boulevard
La Crescenta, CA 91214
Attention: President
Telephone: (818) 248-3925
Facsimile: (818) 248-1659

If to the Trustee: U.S. Bank National Association
Attention: Corporate Trust Department
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6052

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions, notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 10.11. Effective Date. The Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when the Purchase Price shall have been fully paid (or provision for the payment thereof shall have been made to the written satisfaction of the Corporation and the Trustee).

Section 10.12. Execution in Counterparts. The Installment Purchase Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 10.13. Indemnification of Corporation. The District hereby agrees to indemnify and hold harmless the Corporation and its directors, officers and employees if and to the extent permitted by law, from and against all claims, advances, damages and losses, including legal fees and expenses, arising out of or in connection with the acceptance or the performance of its duties hereunder, under the Trust Agreement, and the Assignment Agreement; provided that no indemnification will be made for willful misconduct, negligence or breach of an obligation hereunder, under the Trust Agreement or the Assignment Agreement by the Corporation.

Section 10.14. Amendments Permitted.

(a) This Installment Purchase Agreement and the rights and obligations of the Corporation and the District and of the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consent of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 11.4 of the Trust Agreement, shall have been filed with the Trustee. No such modification or amendment shall: (1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the consent of the owner of each Certificate so affected; or (2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Installment Purchase Agreement; or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

(b) This Installment Purchase Agreement and the rights and obligations of the Corporation and the District and of the Owners of the Certificates may also be modified or amended, without the written consent of the owners of each Certificate, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the District contained in this Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the Owners of the Certificates;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Installment Purchase Agreement or in regard to questions arising under this Installment Purchase Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Certificates;

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the Certificates; and

(4) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes under the Code or the exemption of interest with respect to the Certificates from State personal income taxes.

No amendment may modify any of the rights or obligations of the Trustee without the written consent of the Trustee thereto.

IN WITNESS WHEREOF, the parties hereto have executed and attested this Installment Purchase Agreement by their officers thereunto duly authorized as of the day and year first written above.

CRESCENTA VALLEY WATER DISTRICT

By: _____
President of the Board of Directors

Attest:

Secretary of the Board of Directors

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
President

Attest:

Secretary

EXHIBIT A

DESCRIPTION OF 2020 PROJECT AND PRIOR PROJECT

2020 PROJECT

The 2020 Project comprises the following described components.

<i>Component</i>	<i>Estimated Cost</i>
[TO COME]	\$
TOTAL	\$

PRIOR PROJECT

The Prior Project comprises the following described components.

<i>Component</i>	<i>Estimated Cost</i>
The acquisition of	
TOTAL	\$

EXHIBIT B

FORM OF REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND

CRESCENTA VALLEY WATER DISTRICT
\$_____
REVENUE CERTIFICATES OF PARTICIPATION (WATER SYSTEM IMPROVEMENT
PROJECTS), SERIES 2020

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting General Manager of the Crescenta Valley Water District, a county water district duly organized and existing under and by virtue of the laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.6 of that certain Installment Purchase Agreement, dated as of September 1, 2020 (the "Installment Purchase Agreement"), by and between the Crescenta Valley Water District Financing Corporation and the District, the undersigned hereby requests the [Secretary-Treasurer] of the District to disburse this date the following amounts from the Acquisition Fund established under the Installment Purchase Agreement, to the payees designated on the attached Exhibit A;

(iii) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Acquisition Fund;

(iv) that any approval required under the California Environmental Quality Act, as amended (Division 13 of the California Public Resources Code), prior to the expenditure of such amount for the purpose set forth on the attached Exhibit A has been received and is final;

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit A, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

CRESCENTA VALLEY WATER DISTRICT

By: _____
General Manager

EXHIBIT A
ACQUISITION FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

PURCHASE PRICE

- | | Series 2020 Installment Payments
Attributable to Certificates | | | Total
Series 2020
Installment
Payments |
|---|--|---------------------------------------|-----------|---|
| Series 2020 Installment
Payment Date | Amount
Attributable to
Principal | Amount
Attributable to
Interest | Total | |
| Second Business Day Prior To: | \$[_____] | \$[_____] | \$[_____] | \$[_____] |

\$[_____]
\$[_____]
\$[_____]
\$[_____]

TRUST AGREEMENT

by and among

U.S. BANK NATIONAL ASSOCIATION

as Trustee

and

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

as Corporation

and

CRESCENTA VALLEY WATER DISTRICT

Dated as of September 1, 2020

Relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2020

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TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into and dated as of September 1, 2020 (the “**Agreement**”), by and among U.S. BANK NATIONAL ASSOCIATION, as trustee (the “**Trustee**”), a national banking association that is authorized to exercise trust powers, duly organized and existing under the laws of the United States of America, CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION, a nonprofit public benefit corporation that is duly organized and existing under the laws of the State of California (the “**Corporation**”), and CRESCENTA VALLEY WATER DISTRICT, a county water district that is duly organized and existing under the laws of the State of California (the “**District**”).

RECITALS

In consideration of the mutual covenants herein contained and for other valuable consideration, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION; CONTENTS OF CERTIFICATES AND OPINIONS; RECITALS

Section 1.1. Definitions. Unless the context otherwise requires, the terms defined in this section shall for all purposes hereof and of any amendment hereof or supplement hereto and of any report or other document mentioned herein or therein have the meanings defined herein, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined herein. All capitalized terms which are used herein and not defined herein shall have the meanings ascribed thereto in the Installment Purchase Agreement:

Agreement. The term “Agreement” means this Trust Agreement, as originally executed or as it may from time to time be amended or supplemented as provided for herein.

Assignment Agreement. The term “Assignment Agreement” means that certain Assignment Agreement, dated as of September 1, 2020, by and between the Corporation and the Trustee, as originally executed or as it may from time to time be amended or supplemented in accordance with its terms.

Beneficial Owner. The term “Beneficial Owner” means with respect to any Certificate while in book-entry form, as provided in Section 2.10 of this Agreement, the person who is the beneficial owner of such Certificate, according to the records of the Securities Depository or its agent, and with respect to any Certificate not in book-entry form, the Owner thereof.

Business Day. The term “Business Day” means any day of the year other than Saturday or Sunday on which banks in Los Angeles, California, are not authorized or obligated by law or executive order to close and on which the New York Stock Exchange is not closed.

Certificate Payment Fund. The term “Certificate Payment Fund” means the fund by that name established and held by the Trustee pursuant to the terms of Section 5.2 hereof.

Certificates. The term “Certificates” means the Certificates executed and delivered by the Trustee pursuant to this Agreement.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, as the same may be amended from time to time, and any successor provisions of law. Reference to a particular section of the Code shall be deemed to be a reference to any successor to any such section.

Delivery Cost Fund. The term “Delivery Cost Fund” means the fund by that name established in Section 3.4 hereof.

Delivery Costs. The term “Delivery Costs” means all items of expense directly or indirectly payable by or reimbursable to the District and related to the authorization, execution, sale and delivery of the Certificates, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the Certificates and any other cost, charge or fee in connection with the original execution and delivery of the Certificates.

DTC. The term “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as securities depository for the Certificates.

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the District may designate in a Written Request of the District delivered to the Trustee.

Installment Payments. The term “Installment Payments” means the installment payments payable by the District pursuant to the Installment Purchase Agreement and in the amounts and at the times set forth in the Installment Purchase Agreement.

Installment Payment Date. The term “Installment Payment Date” means each date on which Installment Payments are scheduled to be paid by the District pursuant to the Installment Purchase Agreement.

Installment Purchase Agreement. The term “Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of September 1, 2020, by and between the District and the Corporation, as originally executed or as it may from time to time be amended in accordance with its terms.

Interest Fund. The term “Interest Fund” means the fund by that name established in Section 5.2 hereof.

Letter of Representations. The term “Letter of Representations” means the letter of the District delivered to and accepted by DTC on or prior to delivery of the Certificates as book-entry certificates setting forth the basis on which DTC serves as depository for such book-entry certificates, as originally executed or as it may be supplemented or revised or replaced by a letter from the District delivered to and accepted by DTC.

Local Agency Investment Fund. The term “Local Agency Investment Fund” means the fund by that name established under the California Government Code, Section 16429.1 *et seq.*

Nominee. The term “Nominee” means the nominee of DTC, which may be DTC, as determined from time to time pursuant to Section 2.10 hereof.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to Certificates, means (subject to the provisions of Section 11.4) all Certificates except:

- (1) Certificates cancelled by the Trustee or delivered to the Trustee for cancellation;
- (2) Certificates paid or deemed to have been paid within the meaning of Section 10.1; and
- (3) Certificates in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to Section 2.9 and Certificates paid pursuant to the last sentence of Section 2.9.

Owner. The term “Owner” or “Certificate Owner” or “Owner of Certificates” or any similar term, when used with respect to the Certificates, means any person who shall be the registered owner of any Outstanding Certificate.

Participants. The term “Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds book-entry certificates as securities depository.

Payment Dates; Payment Date. The term “Payment Dates” means: (i) March 1 and September 1 of each year, commencing March 1, 2021; and (ii) any date on which the unpaid Installment Payments are declared to be due and payable immediately, provided that such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement.

Permitted Investments. The term “Permitted Investments” means any of the following which at the time of investment are legal investments under the laws of the State for moneys held hereunder and then proposed to be invested therein (the Trustee is entitled to rely upon any investment direction from the District as a certification that such investment is a Permitted Investment):

- (A) for all purposes, including defeasance investments in refunding escrow accounts:
 - (1) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described in clause (2) below); or
 - (2) direct obligations of (including obligations issued or held in book entry form on the books of) the Department of the Treasury of the United States of America;
- (B) for all purposes other than defeasance investments in refunding escrow accounts:
 - (1) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including the Export-Import Bank; Farm Credit System Financial Assistance Corporation; Farmers Home Administration; General Services Administration; United States Maritime Administration; Small Business Administration; Government National Mortgage Association (GNMA); United States Department of Housing & Urban Development (PHA’s); and Federal Housing Administration;

(2) senior debt obligations rated “AAA” by S&P Global Ratings (“**S&P**”) and “Aaa” by Moody’s Investors Service, Inc. (“**Moody’s**”) issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation;

(3) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A- 1+” or “P- 1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);

(4) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by S&P and “P-1” by Moody’s and which matures not more than 270 days after the date of purchase;

(5) investments in a money market fund rated “AAAm” or “AAAm-G” or better by S&P, excluding those with floating net asset value, including any fund for which the Trustee or an affiliate advises or services or acts as investment advisor or provides other services;

(6) pre-refunded municipal obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and: (a) which are rated, based on an irrevocable escrow account or fund (the “**escrow**”), in the highest rating category of S&P and Moody’s or any successors thereto; or (b) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (A)(2) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(7) Certificates of deposit with a maturity not to exceed ten (10) years on deposit with financial institutions rated “A” or better by S&P and “A” or better by Moody’s, unless such certificates of deposit are insured with the Federal Deposit Insurance Corporation;

(8) Time deposits with a maturity not to exceed five (5) years on deposit with financial institutions rated “A” or better by S&P and “A” or better by Moody’s, unless such certificates of deposit are insured with the Federal Deposit Insurance Corporation;

(9) Municipal obligations: (i) registered treasury notes or bonds of any of the other 49 states, in addition to the State, payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency or authority of any of the other 49 states, in addition to the State (“**Revenue Obligations**”). Revenue Obligations may have either fixed or adjustable rates of interest. Revenue Obligations with fixed rates of interest shall be rated “A+” or better by S&P and “A1” or better by Moody’s, or as otherwise approved by the District’s Board of Directors with a maturity of no greater than ten (10) years from the date of purchase. Revenue Obligations with adjustable rates of interest shall be rated “A-1+” or better by S&P and “P-1” or better

by Moody's, or as otherwise approved by the District's Board of Directors; (ii) taxable or tax-exempt bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State, including bonds, notes, warrants, or other evidences of indebtedness payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by either the local agency, a department, board, agency, or authority of the local agency, or of any local agency within the State ("**Local Agency Obligations**") with a maturity of no more than ten (10) years from the date of purchase. Local Agency Obligations may have either fixed or adjustable rates of interest. Local Agency Obligations with fixed rates of interest shall be rated "A+" or better by S&P and "A1" or better by Moody's, or as otherwise approved by the District's Board of Directors (the minimum rating shall apply to the local agency, irrespective of any credit enhancement) as of the date of purchase. Local Agency Obligations with adjustable rates of interest shall be rated "A-1+" or better by S&P and "P-1" or better by Moody's, or as otherwise approved by the District's Board of Directors; and

(10) The California State Local Agency Investment Fund; and

(11) The Local Agency Investment Fund.

Prepayment Fund. The term "Prepayment Fund" means the fund by that name established in Section 5.2 hereof.

Prepayment Price. The term "Prepayment Price" means, with respect to any Certificate (or portion thereof), the principal amount with respect to such Certificate (or portion thereof) plus the applicable premium, if any, payable upon prepayment thereof pursuant to the provisions of such Certificate and this Agreement.

Principal Fund. The term "Principal Fund" means the fund by that name established in Section 5.2 hereof.

Rebate Fund. The term "Rebate Fund" means the fund by that name established in Section 5.5 hereof.

Record Date. The term "Record Date" means, with respect to any Payment Date relating to the Certificates, the fifteenth (15th) day of the calendar month preceding such Payment Date.

Securities Depository. The term "Securities Depository" means The Depository Trust Company, a New York banking corporation, its successors and assigns, or if: (i) the then Securities Depository resigns from its functions as depository of the Certificates; or (ii) the District discontinues the use of the Securities Depository pursuant to Section 2.10, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Certificates.

Special Counsel. The term "Special Counsel" means an attorney at law or a firm of attorneys selected by the District of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on bonds and certificates of participation issued by states and their political subdivisions duly admitted to the practice of law before the highest court of California.

State. The term "State" means the State of California.

Statement of the Corporation or District. The term "Statement of the Corporation or District" means: (i) a statement signed by or on behalf of the Corporation by its President or a Vice President;

or (ii) by the District by the President of its Board of Directors and by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the District) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf. If and to the extent required by the provisions of Section 1.3, each Statement of the Corporation or District shall include the statements provided for in Section 1.3.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the date of the initial execution and delivery of the Certificates, concerning certain matters pertaining to the use and investment of proceeds of the Certificates executed by and delivered to the District, including any and all exhibits attached thereto.

Trustee. The term “Trustee” means U.S. Bank National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States of America having a designated corporate trust office in Los Angeles, California, or its successor or assignee as Trustee hereunder.

Written Consent of the Corporation or District; Written Requisition of the Corporation or District; Written Order of the Corporation or District; Written Request of the Corporation or District. The terms “Written Consent of the Corporation or District,” “Written Order of the Corporation or District,” “Written Request of the Corporation or District,” and “Written Requisition of the Corporation or District” mean, respectively, a written consent, order, request or requisition signed by or on behalf of: (i) the Corporation by its President or a Vice President or Authorized Representative; or (ii) the District by the President of its Board of Directors, its General Manager, the Director of Finance and Administration or by the Secretary of its Board of Directors or by any two persons (whether or not officers of the Board of Directors of the District) who are specifically authorized by resolution of the District to sign or execute such a document on its behalf.

Section 1.2. Rules of Construction. Words of any gender shall be deemed and construed to include all genders, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons. Unless the context otherwise indicates, words importing the singular number shall include the plural number and vice versa.

Section 1.3. Content of Statements and Opinions. Every statement or opinion with respect to compliance with a condition or covenant provided for in this Agreement, including each Statement of the Corporation, shall include: (a) a statement that the person or persons making or giving such statement or opinion have read such covenant or condition and the definitions herein relating thereto; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such statement or opinion are based; (c) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (d) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such statement or opinion made or given by an officer of the Corporation may be based, insofar as it relates to legal or accounting matters, upon a statement or opinion of or representations by counsel or accountants, unless such officer knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his statement or opinion may be based, as aforesaid, are erroneous. Any such statement or opinion made or given by counsel or accountants may be based, insofar as it relates to factual matters, upon

information which is in the possession of the Corporation, or upon the statement or opinion of or representations by an officer or officers of the Corporation, unless such counsel, accountant or consultant knows, or in the exercise of reasonable care should have known, that the statement or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid are erroneous.

Section 1.4. Recitals.

(a) Installment Purchase Agreement. The Corporation and the District have entered into the Installment Purchase Agreement whereby the Corporation has agreed to sell to the District the 2020 Project and the Prior Project, and the District has agreed to purchase the 2020 Project and the Prior Project from the Corporation in order to finance the 2020 Project and refinance the Prior Project, respectively.

(b) Installment Payments. Under the Installment Purchase Agreement, the District is obligated to pay to the Corporation or its assigns Installment Payments for the purchase of the 2020 Project and the Prior Project.

(c) Assignment Agreement. For the purpose of obtaining the moneys required to be deposited by the Corporation with the Trustee, and for the purpose of securing the obligations of the Corporation hereunder, the Corporation has assigned and transferred certain of its rights under the Installment Purchase Agreement to the Trustee pursuant to the Assignment Agreement; and in consideration of such assignment and the execution of this Agreement, the Trustee has agreed to execute and deliver certificates of participation, each evidencing an interest in the Installment Payments in an aggregate amount equal to the aggregate principal amount of certificates of participation so executed and delivered.

(d) Conditions Precedent Satisfied. The District and the Corporation hereby certify that all acts, conditions and things required by law to exist, happen and be performed precedent to and in connection with the execution and entering into of this Agreement have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly empowered to execute and enter into this Agreement.

ARTICLE II

CERTIFICATES; TERMS AND PROVISIONS

Section 2.1. Preparation of Certificates. The Trustee is hereby authorized to execute certificates of participation, to be denominated "Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020" in an aggregate principal amount of [\$_____], evidencing undivided interests in Installment Payments to be paid by the District under the Installment Purchase Agreement.

Section 2.2. Denominations; Forms and Numbers; Medium and Place of Payment; Dating. The Certificates shall be delivered in the form of fully registered Certificates in denominations of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby maturing in more than one year. The Certificates shall be substantially in the form attached hereto as Exhibit A.

The principal and Prepayment Price with respect to all Certificates shall be payable in lawful money of the United States of America upon presentation and surrender thereof at the designated corporate trust office of the Trustee. Interest with respect to Certificates shall be payable by check of the Trustee mailed by first class mail on the Payment Dates of such Certificates to the respective Certificate Owners of record thereof as of the close of business on the Record Date at the addresses shown on the books required to be kept pursuant to Section 2.8 or, upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date, except in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Payment Date, such defaulted interest shall be paid to the Owners in whose names any such Certificates are registered at the close of business on a special record date as determined by the Trustee.

The Certificates shall be dated the date of initial execution and delivery. Interest with respect to the Certificates shall be payable from the Payment Date preceding their date of execution, unless such date shall be after a Record Date and on or before the succeeding Payment Date, in which case interest shall be payable from such Payment Date or unless such date shall be on or before the first Record Date, in which case interest shall be payable from the date of initial execution and delivery, provided, however, that if, as shown by the records of the Trustee, interest with respect to the Certificates shall be in default, Certificates executed in exchange for Certificates surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to the Certificates, or, if no interest has been paid or duly provided for with respect to the Certificates, from the date of initial execution and delivery.

Section 2.3. Respect to Certificates.

(a) The Certificates in the aggregate principal amount of \$[_____] shall become payable on [September] 1 in the years and in the amounts and with an interest component as provided in a certificate of the General Manager of the District attached hereto as Exhibit B. Interest with respect to the Certificates shall be calculated on the basis of a 360-day year of twelve 30-day months.

Section 2.4. Form of Certificates. The Certificates and the form of assignment to appear thereon shall be in substantially the form set forth in Exhibit A hereto with necessary or appropriate variations, omissions and insertions as permitted or required by this Agreement.

Section 2.5. Execution. The Certificates shall be executed by and in the name of the Trustee, as trustee under this Agreement, by the [manual] signature of an authorized officer or signatory of the Trustee.

Section 2.6. Transfer of Certificates. Any Certificate may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.8, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of such Certificate for cancellation at the corporate trust office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Certificate or Certificates shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate or Certificates of the same series and maturity, for a like aggregate principal amount, and of authorized denomination or denominations. The Trustee may charge a sum for each new Certificate executed and delivered upon any transfer. The Trustee may

require the payment by any Certificate Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Certificates, the Trustee shall cancel and destroy the Certificates it has received in accordance with its customary procedures.

Section 2.7. Exchange of Certificates. Certificates may be exchanged at the corporate trust office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same series and maturity. The Trustee may charge a sum for each new Certificate executed and delivered upon any exchange except in the case of any exchange of temporary Certificates for definitive Certificates. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates, the Trustee shall cancel and destroy the Certificates it has received in accordance with its customary procedures.

The Trustee shall not be required to register the exchange or transfer pursuant to Section 2.6 or Section 2.7 hereof, of any Certificate: (a) within 15 days preceding selection of Certificates for prepayment; or (b) selected for prepayment (except for any non-prepaid portion thereof).

Section 2.8. Certificate Registration Books. The Trustee will keep or cause to be kept, at its corporate trust office, sufficient books for the registration and transfer of the Certificates, which shall upon reasonable prior notice and at all reasonable times be open to inspection by the Corporation or the District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Certificates as hereinbefore provided.

The person in whose name any Certificate shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest with respect to and principal of, Prepayment Price represented by such Certificate shall be made only to or upon the order in writing of such registered owner, which payments shall be valid and effectual to satisfy and discharge liability upon such Certificate to the extent of the sum or sums so paid.

Section 2.9. Certificates Mutilated, Lost, Destroyed or Stolen. If any Certificate shall become mutilated, the Trustee shall execute and deliver a new Certificate of like tenor, series, maturity, and principal amount, in exchange and substitution for the Certificate so mutilated, but only upon surrender to the Trustee of the Certificate so mutilated.

Every mutilated Certificate so surrendered to the Trustee shall be canceled by it and destroyed. If any Certificate shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee, and, if such evidence is satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given indemnifying the Trustee, the Corporation and the District, the Trustee, at the expense of the Certificate Owner, shall execute and deliver a new Certificate of like tenor, series and maturity, and numbered as the Trustee shall determine, in lieu of and in substitution for the Certificate so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Certificate executed under this Section and of the expenses which may be incurred by the Trustee under this Section. Any Certificate executed under the provisions of this Section in lieu of any Certificate alleged to be lost, destroyed or stolen shall be equally and proportionately entitled to the benefits of this Agreement with all other Certificates secured by this Agreement. The Trustee shall not be required to treat both the original Certificate and any replacement Certificate as being Outstanding for the purpose of determining the principal amount of Certificates

which may be executed hereunder or for the purpose of determining any percentage of Certificates Outstanding hereunder, but both the original and replacement Certificate shall be treated as one and the same. Notwithstanding any other provision of this Section, in lieu of delivering a new Certificate for a Certificate which has been mutilated, lost, destroyed or stolen and which has matured or has been selected for prepayment, the Trustee may, at the direction of the District, make payment of such Certificate upon receipt of indemnity satisfactory to the Trustee.

Section 2.10. Book-Entry System.

(a) Except as otherwise provided in this Section, each Certificate shall be executed and delivered in the form of one global certificate for each maturity of each series registered in the name of the Securities Depository or its nominee, and ownership thereof shall be maintained in book-entry form by the Securities Depository for the account of the Participants thereof. “Securities Depository” means: (i) The Depository Trust Company, appointed as Securities Depository herein, and its successors and assigns or if the then Securities Depository resigns from its functions as depository of the Certificates; or (ii) the District discontinues the use of the Securities Depository pursuant to subsection (c) of this Section, any other securities depository which agrees to follow the procedures required to be followed by a securities depository in connection with the Certificates and which is appointed by the District. “Participant” means a member of, or participant in, the Securities Depository.

Initially, the Certificates shall be registered in the name of Cede & Co., as the nominee of The Depository Trust Company. Except as provided in subsection (c) of this Section, the Certificates may be transferred, in whole but not in part, only to the Securities Depository or a nominee of the Securities Depository, or to a successor Securities Depository appointed or approved by the District or to a nominee of such successor. Each global certificate shall bear a legend substantially to the following effect: “Except as otherwise provided in the Trust Agreement this global certificate may be transferred, in whole but not in part, only to another nominee of the Securities Depository (as defined in the Trust Agreement) or to a successor Securities Depository or to a nominee of a successor Securities Depository.”

With respect to book-entry Certificates, the District and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book-entry Certificates. Without limiting the immediately preceding sentence, the District and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of DTC, the Nominee, or any Participant with respect to any ownership interest in book-entry Certificates; (ii) the delivery to any Participant, Beneficial Owner or any other person, other than the Securities Depository, of any notice with respect to book-entry Certificates, including any notice of prepayment; (iii) the selection by DTC and its Participants of the beneficial interests in book-entry Certificates to be prepaid in the event the District prepays the Certificates in part; (iv) the payment, to any Participant, Beneficial Owner of Certificates or other person, other than the Securities Depository, of any amount of principal of, premium, if any, or interest with respect to book-entry Certificates; or (v) any consent given by the Securities Depository as Owner of any Certificates. The District and the Trustee may treat and consider the person in whose name each book-entry Certificate is registered in the registration books as the absolute owner of such book-entry Certificate for all purposes, whatsoever, including without limitation, payment of principal of, Prepayment Price or interest with respect to such Certificate, giving notices of prepayment and other matters with respect to such Certificate and registering transfers with respect to such Certificate. The Trustee shall pay all principal of, Prepayment Price or interest with respect to the Certificates only to or upon the order of the respective Owner, as

shown in the registration books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to payment of principal of, Prepayment Price or interest with respect to the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the registration books, shall receive a Certificate evidencing the obligation to make payments of principal of, Prepayment Price or interest with respect to the Certificates. Upon delivery by DTC to the Owner and the Trustee, of written notice to the effect that DTC has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Agreement shall refer to such nominee of DTC.

The District and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Certificates. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

(b) In order to qualify the book-entry Certificates for DTC's book-entry system, the District shall execute and deliver to DTC a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the District or the Trustee any obligation whatsoever with respect to persons having interests in such book-entry Certificates other than the Owners, as shown on the Certificate registration books. In addition to the execution and delivery of a Letter of Representations, the District shall take such other actions, not inconsistent with this Agreement, as are reasonably necessary to qualify book-entry Certificates for DTC's book-entry program.

(c) If at any time the Securities Depository notifies the Trustee and the District that it is unwilling or unable to continue as Securities Depository with respect to any or all series of the Certificates or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor Securities Depository is not appointed by the District within 90 days after the District receives notice or becomes aware of such condition, or if the Securities Depository ceases to function as the Securities Depository without prior notice, as the case may be, subsections (a) and (b) of this Section shall no longer be applicable and the Trustee shall execute and deliver certificates representing the Certificates so affected as provided below, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such Written Request from the District. In addition, the District may determine at any time that the Certificates shall no longer be represented by global certificates and that the provisions of subsections (a) and (b) of this Section shall no longer apply to such Certificates. In such event, the Trustee shall execute and deliver, in exchange for a global certificate, certificates representing the Certificates registered in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Trustee, provided that the Trustee shall not be required to deliver such new Certificates within a period of less than sixty (60) days from the date of receipt of such Written Request from the District. The Trustee shall deliver such certificates representing the Certificates to the persons in whose names the Certificates are so registered.

(d) In the case of a partial prepayment or an advance refunding of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(e) Notwithstanding any other provision of this Agreement to the contrary, so long as any Certificate is registered in the name of Cede & Co., as nominee of The Depository Trust Company, all payments with respect to the principal of, Prepayment Price or interest with respect to such Certificate and all notices with respect thereto shall be made and given, respectively, to The Depository Trust Company as provided in the applicable Letter of Representations of the District addressed to The Depository Trust Company with respect thereto notwithstanding any inconsistent provisions herein.

(f) Transfer of Certificates to Substitute Depository.

(i) The Certificates shall be initially executed and delivered as provided in Section 2.1 hereof. Registered ownership of such Certificates, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.10(f) ("**Substitute Depository**"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(B) to any Substitute Depository, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the District that DTC (or its successor) is no longer able to carry out its functions as depository; provided that any such Substitute Depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(C) to any person as provided below, upon: (1) the resignation of DTC or its successor (or any Substitute Depository or its successor) from its functions as depository; or (2) a determination by the District that DTC or its successor (or Substitute Depository or its successor) is no longer able to carry out its functions as depository.

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.10(f), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the District to the Trustee designating the Substitute Depository, a single new Certificate, which the District shall prepare or cause to be prepared, shall be executed and delivered for each maturity of each series of Certificates then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such written request of the District. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.10(f), upon receipt of all Outstanding Certificates by the Trustee, together with a written request of the District to the Trustee, new Certificates, which the District shall prepare or cause to be prepared, shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such written request of the District, subject to the limitations of Section 2.1 hereof, provided that the Trustee shall not be required to deliver such new Certificates

within a period of less than sixty (60) days from the date of receipt of such written request from the District.

(iii) In the case of a partial prepayment or an advance refunding of any Certificates evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such Certificates indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations.

(iv) The District and the Trustee shall be entitled to treat the person in whose name any Certificate is registered as the Owner thereof for all purposes of this Agreement and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall not have responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any Beneficial Owners of the Certificates. Neither the District nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such Beneficial Owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any Certificates, and the Trustee may rely conclusively on its records as to the identity of the Owners of the Certificates.

Section 2.11. CUSIP Numbers. The District in causing the execution and delivery of the Certificates may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" numbers in notices of redemption as a convenience to Owners; provided that the Trustee shall have no liability for any defect in the "CUSIP" numbers as they appear on any Certificate, notice or elsewhere; and provided further that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Certificates or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Certificates, and any such redemption shall not be affected by any defect in or omission of such numbers. The District will promptly notify the Trustee in writing of any change in the "CUSIP" numbers.

ARTICLE III

DELIVERY OF CERTIFICATES

Section 3.1. Delivery of Certificates. The Trustee is hereby authorized to execute and deliver the Certificates in an aggregate principal amount of \$____ upon the Written Order of the District.

Section 3.2. Application of Proceeds of Certificates.

(a) The proceeds derived from the sale of the Certificates in the amount of \$____ (representing the aggregate principal amount of the Certificates of \$[_____] plus original issue premium of \$[_____] , less underwriter's discount of \$[_____]) shall be deposited with the Trustee, who shall: (i) deposit \$[_____] , representing costs of issuance, in the Delivery Cost Fund; (ii) transfer \$[_____] to the District for deposit in the Acquisition Fund and (iii) transfer \$[_____] to Pacific Western Bank for prepayment of the 2017 Installment Sale Agreement.

(b) The Trustee may establish temporary funds and accounts to facilitate such transfers.

Section 3.3. Validity of Certificates. The validity of the execution and delivery of the Certificates is not dependent on and shall not be affected in any way by any proceedings taken by the District, the Corporation or the Trustee with respect to or in connection with the Installment Purchase Agreement. The recital contained in the Certificates that all acts, conditions and things required by the Constitution and statutes of the State of California and this Agreement to exist, to have happened and to have been performed precedent to and in the delivery thereof do exist, have happened and have been performed in due time, form and manner as required by law shall be conclusive evidence of their validity and of compliance with the provisions of law in their delivery.

Section 3.4. Delivery Cost Fund. There is hereby established with the Trustee the Delivery Cost Fund which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it. The moneys in the Delivery Cost Fund shall be used and withdrawn by the Trustee to pay Delivery Costs of the Certificates upon submission of Written Requisitions of the District in substantially the form set forth in Exhibit C stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is a proper charge against said fund and that payment for such charge has not previously been made. On the six-month anniversary of the initial execution and delivery of the Certificates or upon the earlier Written Request of the District, all amounts remaining in the Delivery Cost Fund shall be transferred by the Trustee to the Certificate Payment Fund and the Delivery Cost Fund shall be closed.

ARTICLE IV

PREPAYMENT OF CERTIFICATES

Section 4.1. Terms of Prepayment.

(a) The Certificates shall be subject to optional prepayment prior to their respective stated maturities, as determined by the District, as a whole or in part on any date in the order of maturity as directed by the District in a Written Request provided to the Trustee at least 60 days (or such lesser number of days acceptable to the Trustee) prior to such date and by lot within each maturity, on the dates and at the Prepayment Price of such Certificates provided by the District in a certificate of the General Manager attached hereto as Exhibit B.

(b) The Certificates with stated maturities on [September 1], 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, in part (by lot) on [September 1], 20__ and each [September 1] thereafter in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a prepayment price of the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

***Prepayment Date
([September 1])***

Principal Amount

\$

†

† Final Maturity.

If some but not all of the Certificates maturing on [September 1], 20__ are prepaid pursuant to subsection (a), the principal amount of the applicable Certificates to be prepaid pursuant to this subsection (b) on any subsequent [September 1] will be reduced, by \$5,000 or an integral multiple thereof, as designated by the City in a Certificate of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Certificates prepaid pursuant to subsection (a).

Section 4.2. Selection of Certificates for Prepayment. Whenever less than all of the Certificates are called for prepayment, the Trustee shall select the Certificates or portions thereof to be prepaid from the Outstanding Certificates in accordance with Section 4.1 hereof. The Trustee shall promptly notify the District in writing of the numbers of the Certificates or portions thereof so selected for prepayment.

Section 4.3. Notice of Prepayment. Notice of prepayment shall be mailed, first class postage prepaid, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books and to the Information Services and by registered or certified or overnight mail or electronically to the Securities Depository at least 20 days but not more than 60 days prior to the prepayment date.

Each such notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the Prepayment Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be prepaid, the serial numbers of the Certificates of such maturity to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment and, in the case of Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a Certificate to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such Certificate be then surrendered to the Trustee. Any defect in the notice or the mailing will not affect the validity of the prepayment of any Certificate.

Notice of prepayment of Certificates shall be given by the Trustee on behalf of and at the expense of the District.

With respect to any notice of optional prepayment of Certificates, such notice may state that such prepayment shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such prepayment of moneys that are sufficient to pay the principal of, premium, if any, and interest with respect to such Certificates to be prepaid and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to prepay such Certificates. In the event that such notice of prepayment contains such a condition and such moneys are not so received, the prepayment shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of prepayment was given, that such moneys were not so received.

Section 4.4. Partial Prepayment of Certificate. Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same series, interest rate and maturity.

Section 4.5. Effect of Prepayment. When notice of prepayment has been duly given as aforesaid, and moneys for payment of the Prepayment Price of, together with interest accrued to the prepayment date with respect to, the Certificates (or portions thereof) so called for prepayment are held by the Trustee, the Certificates (or portions thereof) so called for prepayment shall, on the prepayment date designated in such notice, become due and payable at the Prepayment Price specified in such notice and interest accrued thereon to the prepayment date; and from and after the prepayment date interest represented by the Certificates so called for prepayment shall cease to accrue, said Certificates (or portions thereof) shall cease to be entitled to any benefit or security under this Agreement, and the Owners of said Certificates shall have no rights in respect thereof except to receive payment of said Prepayment Price and accrued interest.

All Certificates prepaid pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed by the Trustee in accordance with its customary procedures.

ARTICLE V

INSTALLMENT PAYMENTS

Section 5.1. Pledge and Deposit of Installment Payments. The Installment Payments are hereby irrevocably pledged to, and shall be used for, the punctual payment of the Certificates, and the Installment Payments shall not be used for any other purpose while any of the Certificates remain Outstanding. This pledge shall constitute a first and exclusive lien on the Installment Payments in accordance with the terms hereof.

All Installment Payments to which the Corporation may at any time be entitled (including income or profit from investments pursuant to Section 5.3) shall be paid directly to the Trustee pursuant to the terms of the Assignment Agreement, and if received by the Corporation at any time shall be deposited by the Corporation with the Trustee within one Business Day after the receipt thereof, and the Trustee shall deposit all Installment Payments as and when received in the Certificate Payment Fund. All moneys at any time deposited in the Certificate Payment Fund shall be held by the Trustee in trust for the benefit of the Owners from time to time of the Certificates, but shall nevertheless be disbursed, allocated and applied solely for the uses and purposes herein set forth.

Section 5.2. Certificate Payment Fund. There is hereby established with the Trustee the Certificate Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any Installment Payments remain unpaid. The Trustee shall transfer from the Certificate Payment Fund the following amounts at the times and in the manner hereinafter provided, and shall deposit such amounts in one or more of the following respective funds, each of which the Trustee shall establish and maintain and hold in trust separate and apart from other funds held by it, and each of which shall be disbursed and applied only as hereinafter authorized. Such amounts shall be so transferred to and deposited in the following respective funds in the following order of priority, the requirements of each such fund at the time of deposit to be satisfied before any transfer is made to any fund subsequent in priority:

(a) Interest Fund. The Trustee, on each Installment Payment Date (commencing on [March 1], [2021]) shall deposit in the Interest Fund an amount representing the portion of the Installment Payments designated as interest coming due on the next succeeding [March 1] and [September 1], as the case may be. No deposit need be made into the Interest Fund so long as there shall be in such fund moneys sufficient to pay the interest portion of all Certificates then Outstanding on the next [March 1] or [September 1], as the case may be.

Except as hereinafter provided, moneys in the Interest Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the interest with respect to the Certificates when due and payable (including accrued interest with respect to any Certificates prepaid prior to maturity pursuant to this Agreement).

(b) Principal Fund. The Trustee, on the Installment Payment Date prior to each [September 1] (commencing on the Installment Payment Date prior to [September 1], [2021]), shall deposit in the Principal Fund an amount equal to the principal coming due with respect to the Certificates on the next succeeding [September 1]. No deposit need be made into the Principal Fund so long as there shall be in such fund moneys sufficient to pay the portion of all Certificates then Outstanding designated as principal and coming due on the next succeeding [September 1].

Except as hereinafter provided, moneys in the Principal Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the principal with respect to the Certificates when due and payable.

(c) Prepayment Fund. Moneys to be used for prepayment pursuant to Section 4.1 hereof and paid by the District pursuant to Section 7.1 of the Installment Purchase Agreement shall be transferred by the Trustee from the Certificate Payment Fund and deposited in the Prepayment Fund on the prepayment date specified in the Written Request of the District filed with the Trustee pursuant to Section 7.2 of the Installment Purchase Agreement. Said moneys shall be set aside in the Prepayment Fund solely for the purpose of prepaying the Certificates in advance of their respective stated maturities and shall be applied on or after the date specified for prepayment pursuant to Section 4.1 hereof to the payment of the Prepayment Price with respect to the Certificates to be prepaid upon presentation and surrender of such Certificates.

Section 5.3. Investment of Moneys in Special Funds. Any moneys in the Certificate Payment Fund, the Interest Fund, the Principal Fund, the Delivery Cost Fund and the Prepayment Fund shall be invested by the District or, upon the Written Request of the District, by the Trustee, in Permitted Investments which will mature on or before the dates when such moneys are scheduled to

be needed for payment from such fund and in accordance with the limitations set forth in Section 6.3. Securities acquired as an investment of moneys in a fund shall be credited to such fund.

In the absence of written investment direction from the District, the Trustee shall hold moneys uninvested.

Any interest, profit or other income on such investments shall be deposited by the Trustee in the Certificate Payment Fund established hereunder.

Subject to the further provisions of Section 6.3 hereof, the Trustee may sell or present for prepayment any obligations so purchased at the direction of the District whenever it shall be necessary in order to provide moneys to meet any payment, and the Trustee shall not be liable or responsible for any loss, tax, fee or other charge resulting from such investment, reinvestment or liquidation of an investment. The Trustee may act as principal or agent in the acquisition or disposition of any investment. The Trustee may commingle any of the funds or accounts established pursuant to this Agreement into a separate fund or funds for investment purposes only; provided, however, that all funds or accounts held by the Trustee hereunder shall be accounted for separately notwithstanding such commingling.

The District acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District will not receive such confirmations to the extent permitted by law. The Trustee will furnish the District with periodic cash transaction statements which include detail for all investment transactions made by the Trustee hereunder. The District and the Corporation further understand that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker. The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or any affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

Section 5.4. Pledge of Moneys in Funds. All amounts on deposit in the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund are hereby irrevocably pledged to the Owners of the Certificates as provided herein. This pledge shall constitute a first and exclusive lien on the Certificate Payment Fund, the Interest Fund, the Principal Fund and the Prepayment Fund for the benefit of the Owners of the Certificates in accordance with the terms hereof and of the Installment Purchase Agreement. Amounts deposited in the Delivery Cost Fund and the Rebate Fund are not pledged to the Owners of the Certificates.

Section 5.5. Rebate Fund.

(a) Establishment. The Trustee shall, when required, establish an account for the Certificates designated the "Rebate Fund." Absent an opinion of Special Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected, the District shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund shall be governed by this Section and the Tax Certificate, unless and to the extent that the District delivers to the Trustee an opinion of Special

Counsel that the exclusion from gross income for federal income tax purposes of interest with respect to the Certificates will not be adversely affected if such requirements are not satisfied. The Trustee shall be deemed conclusively to have complied with the provisions of this Section and the Tax Certificate if the Trustee follows the directions of the District and the Trustee shall have no independent responsibility to or liability resulting from failure of the Trustee to enforce compliance by the District with the Tax Certificate or the provisions of this Section.

(i) Annual Computation. Within 55 days of the end of each Certificate Year (as such term is defined in the Tax Certificate), the District shall calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the “**1½% Penalty**”) has been made), for this purpose treating the last day of the applicable Certificate Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). The District shall obtain expert advice as to the amount of the Rebatable Arbitrage to comply with this Section.

(ii) Annual Transfer. Within 55 days of the end of each Certificate Year, upon the Written Request of the District, an amount shall be deposited to the Rebate Fund by the Trustee from any Revenues legally available for such purpose (as specified by the District in the aforesaid written Request), if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with (i) of this Subsection (a). In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon written Request of the District, the Trustee shall withdraw the excess from the Rebate Fund and then credit the excess to the Certificate Payment Fund.

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Request of the District, to the United States Treasury, out of amounts in the Rebate Account,

(A) Not later than 60 days after the end of: (X) the fifth Certificate Year; and (Y) each applicable fifth Certificate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Certificate Year; and

(B) Not later than 60 days after the payment of all the Certificates, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Certificate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the District shall calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to this Subsection (a) shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and shall be accompanied by Internal Revenue Service Form 8038-T, or shall be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after prepayment and payment of the Certificates and the payments described in Subsection (a) above being made may be withdrawn by the District and utilized in any manner by the District.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Certificates.

ARTICLE VI

COVENANTS

Section 6.1. Corporation and District to Perform Installment Purchase Agreement. The Corporation and District covenant and agree with the Owners of the Certificates to perform all obligations and duties imposed on them under the Installment Purchase Agreement and, together with the Trustee, to enforce such Installment Purchase Agreement against the other party thereto in accordance with its terms.

The Corporation and the District will in all respects promptly and faithfully keep, perform and comply with all the terms, provisions, covenants, conditions and agreements of the Installment Purchase Agreement to be kept, performed and complied with by it.

The Corporation and the District agree not to do or permit anything to be done, or omit or refrain from doing anything, in any case where any such act done or permitted to be done, or any such omission of or refraining from action, would or might be a ground for cancellation or termination of the Installment Purchase Agreement.

Section 6.2. District Budgets. On or prior to the fifteenth day after the beginning of each Fiscal Year, the District shall certify to the Trustee that the amounts budgeted for payment of Installment Payments are fully adequate for the payment of all Installment Payments due under the Installment Purchase Agreement for such Fiscal Year. If the amounts so budgeted are not adequate for the payment of Installment Payments due under the Installment Purchase Agreement, the District will take such action as may be necessary to cause such annual budget to be amended, corrected or augmented so as to include therein the amounts required to be raised by the District in the then ensuing Fiscal Year for the payment of Installment Payments due under the Installment Purchase Agreement and will notify the Trustee of the proceedings then taken or proposed to be taken by the District.

Section 6.3. Tax Covenants. [The District and the Corporation each covenants that it shall not take any action, or fail to take any action, if such action or failure to take such action would result in the interest on the Certificates to fail to be excluded from gross income for federal income tax purposes under Section 103 of the Code. Without limiting the generality of the foregoing, the District and the Corporation each covenants that it will comply with the requirements of the Tax Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive the payment in full or the defeasance of the Certificates. Notwithstanding any provisions of this Section, if the District shall provide to the Trustee an opinion of Special Counsel to the effect that any specified action required under this Section or the Tax Certificate is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Certificates, the District and the Trustee may conclusively rely on such opinion in complying with the requirements of

this Section and the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

This Section and the covenants set forth herein shall not be applicable to, and nothing contained herein shall be deemed to prevent the District from issuing Certificates or executing and delivering Contracts, the interest with respect to which has been determined by Special Counsel to be subject to federal income taxation.]

Section 6.4. Accounting Records and Reports. The Trustee shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all transactions made by it relating to the receipts, disbursements, allocation and application of the Installment Payments, and such books shall be available upon reasonable prior notice for inspection by the District and by any Owner of Certificates, or his agent or representative, at reasonable hours and under reasonable conditions. Each month, so long as the Certificates are Outstanding, the Trustee shall furnish to the District a statement covering receipts, disbursements, allocation and application of amounts on deposit in the funds and accounts created hereunder held by it.

Section 6.5. Compliance with Trust Agreement. The Trustee will not execute, or permit to be executed, any Certificates in any manner other than in accordance with the provisions of this Agreement, and the District will not suffer or permit any default by it to occur under this Agreement, but will faithfully observe and perform all the covenants, conditions and requirements hereof.

Section 6.6. Observance of Laws and Regulations. To the extent necessary to assure their performance hereunder, the Corporation and the District will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on them by contract, or prescribed by any law of the United States of America, or of the State, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Corporation or the District, respectively, including its right to exist and carry on its business, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired.

Section 6.7. Compliance with Contracts. The District shall comply with the terms, covenants and provisions, express or implied, of all contracts for the use of the 2020 Project and the Prior Project by the District, and all other contracts and agreements affecting or involving the Water System to the extent that the District is a party thereto.

Section 6.8. Prosecution and Defense of Suits. The District shall promptly, upon request of the Trustee or any Certificate Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water System or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee, the Corporation and every Certificate Owner harmless from all loss, cost, damage and expense, including attorneys' fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

The District shall defend against every suit, action or proceeding at any time brought against the Trustee, the Corporation or any Certificate Owner upon any claim arising out of the receipt, application or disbursement of any of the Installment Payments or involving the rights of the Trustee, the Corporation or any Certificate Owner under this Agreement; provided that the Trustee, the

Corporation or any Certificate Owner at such party's election may appear in and defend any such suit, action or proceeding. The District shall indemnify and hold harmless the Trustee, the Corporation and the Certificate Owners against any and all liability claimed or asserted by any person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the Certificate Owners against any attorneys' fees and expenses which any of them may incur in connection with any litigation to which any of them may become a party by reason of ownership of Certificates. The District shall promptly reimburse the Corporation, the Trustee or any Certificate Owner in the full amount of any attorneys' fees and expenses which the Corporation or such Owner may incur in litigation or otherwise in order to enforce such party's rights under this Agreement or the Certificates.

Notwithstanding anything to the contrary above, the Trustee shall have no duty or liability whatsoever to monitor or notify any party with respect to the timeliness, sufficiency or validity of any such recording, re-recording, filing, filing of continuation statements and the like with respect to this Agreement; it being expressly understood and agreed that the Trustee's duties under this section shall be exclusively limited to following the express written filing or recording instructions of the District, from time to time with respect to the above described actions so long as the District shall supply said recording or filing instruments.

Section 6.9. Recordation and Filing. The District, shall record, register, file, renew, refile and re-record all such documents, including financing statements, as may be required by law in order to maintain a security interest in this Agreement and the Assignment Agreement, all in such manner, at such times and in such places as may be required by, and to the extent permitted by law in order fully to preserve, protect and perfect the security of the Certificate Owners and the rights and security interests of the Trustee. The Trustee, upon written direction of the District, shall (subject to Section 8.5) do whatever else may be necessary or be reasonably required in order to perfect and continue the lien of this Agreement and the Assignment Agreement.

Section 6.10. Eminent Domain. If all or any part of the Water System shall be taken by eminent domain proceedings (or sold to a government threatening to exercise the power of eminent domain), the Net Proceeds therefrom shall be applied in the manner specified in Section 6.15 of the Installment Purchase Agreement.

Section 6.11. Further Assurances. Whenever and so often as requested so to do by the Trustee or any Certificate Owner, the Corporation and the District will promptly execute and deliver or cause to be executed and delivered all such other and further instruments, documents or assurances, and promptly do or cause to be done all such other and further things, as may be necessary or reasonably required in order to further and more fully vest in the Trustee and the Certificate Owners all rights, interest, powers, benefits, privileges and advantages conferred or intended to be conferred upon them by this Agreement.

Section 6.12. Continuing Disclosure. The District will comply with and carry out all of its obligations under the Continuing Disclosure Certificate to be executed and delivered by the District in connection with the delivery of the Certificates.

ARTICLE VII

DEFAULT AND LIMITATION OF LIABILITY

Section 7.1. Notice of Non-Payment. In the event of delinquency in the payment of any Installment Payments due by the District pursuant to the Installment Purchase Agreement, the Trustee shall, after one Business Day following the date upon which such delinquent Installment Payment was due, immediately give written notice of the delinquency and the amount of the delinquency to the District and the Corporation.

Section 7.2. Action on Default or Termination. Upon the occurrence of an Event of Default (as that term is defined in the Installment Purchase Agreement), which event shall constitute a default hereunder, and in each and every such case during the continuance of such Event of Default, the Trustee or the Owners of not less than a majority in aggregate principal amount of Certificates at the time Outstanding shall be entitled, upon notice in writing to the District to exercise the remedies provided to the Corporation in the Installment Purchase Agreement.

Upon declaration of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately, and provided that such declaration is not rescinded or annulled, all in accordance with Section 8.1 of the Installment Purchase Agreement, the Trustee may apply all moneys received as Installment Payments and all moneys held in any fund or account hereunder (other than the Rebate Fund) to the payment of the entire principal amount of the Certificates and the accrued interest with respect thereto, with interest with respect to the overdue Certificates at the rate or rates of interest applicable to the Certificates if paid in accordance with their terms.

Section 7.3. Other Remedies of the Trustee. The Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any director, officer or employee thereof, and to compel the District or any such director, officer or employee to perform or carry out its or his duties under law and the agreements and covenants required to be performed by it or him contained herein;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any default hereunder to require the District and its directors, officers and employees to account as the trustee of an express trust.

Section 7.4. Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by this article may be enforced and exercised from time to time and as often as shall be deemed expedient by the Trustee.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee, the Trustee and the District shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Section 7.5. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law.

Section 7.6. No Obligation by the District to Owners. Except for the payment of Installment Payments when due in accordance with the Installment Purchase Agreement and the performance of the other covenants and agreements of the District contained in said Installment Purchase Agreement and herein, the District shall have no obligation or liability to the Owners of the Certificates with respect to this Agreement or the execution, delivery or transfer of the Certificates, or the disbursement of Installment Payments to the Owners by the Trustee; provided however that nothing contained in this Section shall affect the rights, duties or obligations of the Trustee expressly set forth herein.

Section 7.7. Trustee Appointed Agent for Certificate Owners; Direction of Proceedings. The Trustee is hereby appointed the agent and attorney of the Owners of all Certificates outstanding hereunder for the purpose of filing any claims relating to the Certificates. The Owners of a majority in aggregate principal amount of the Certificates Outstanding hereunder shall, upon tender to the Trustee of reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such direction, have the right to direct the method and place of conducting all remedial proceedings by the Trustee, provided such direction shall be in accordance with law and the provisions of this Agreement and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Certificate Owners not parties to such a direction.

Section 7.8. Power of Trustee to Control Proceedings. In the event that the Trustee, upon the happening of an Event of Default, shall have taken any action, by judicial proceedings or otherwise, pursuant to its duties hereunder, upon the request of the Owners of a majority in aggregate principal amount of the Certificates then outstanding pursuant to Section 7.7 hereof, it shall have full power, in the exercise of its reasonable judgment for the best interests of the Owners of the Certificates, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action; provided, however, that the Trustee shall not, unless there no longer continues an Event of Default hereunder, discontinue, withdraw, compromise or settle, or otherwise dispose of, any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of at least a majority in principal amount of the Certificates Outstanding hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

Section 7.9. Limitation on Certificate Owners' Right to Sue. No Owner of any Certificate executed and delivered hereunder shall have the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Agreement, unless: (a) such Owner shall have previously given to the Trustee written notice of the occurrence of an Event of Default hereunder; (b) the Owners of at least a majority in aggregate principal amount of all the Certificates then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name; (c) said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to it against the costs, expenses and liabilities

to be incurred in compliance with such request; and (d) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender or indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of Certificates of any remedy hereunder; it being understood and intended that no one or more Owners of Certificates shall have any right in any manner whatever by his or their action to enforce any right under this Agreement, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Agreement shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Certificates.

The right of any Owner of any Certificate to receive payment of the principal of (and premium, if any) and interest with respect to such Certificate, as herein provided, on and after the respective due dates expressed in such Certificate, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Owner (it being understood that the Trustee does not have an affirmative duty to ascertain whether or not such actions or forbearances are unduly prejudicial to such Owners), notwithstanding the foregoing provisions of this section or Section 7.10 or any other provision of this Agreement.

Section 7.10. No Obligation with Respect to Performance by Trustee. Neither the District nor the Corporation shall have any obligation or liability to any of the other parties hereto or to the Owners of the Certificates with respect to the performance by the Trustee of any duty imposed upon it under this Agreement.

Section 7.11. No Liability to Owners for Payment. The Corporation shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Installment Purchase Agreement or herein. Except as provided in this Agreement, the Trustee shall not have any obligation or liability to the Owners of the Certificates with respect to the payment of the Installment Payments by the District when due, or with respect to the performance by the District of any other covenant made by it in the Installment Purchase Agreement or herein.

Section 7.12. No Responsibility for Sufficiency. The Trustee shall not be responsible for the sufficiency of this Agreement, the Installment Purchase Agreement, or of the assignment made to it by the Assignment Agreement of rights to receive Installment Payments pursuant to the Installment Purchase Agreement, or the value of or title to the 2010 Project. The Trustee shall not be responsible or liable for selection or liquidation of investments or any loss suffered in connection with any investment of funds made by it under the terms of and in accordance with this Agreement.

Section 7.13. Indemnification of Trustee. The District shall indemnify the Trustee and hold it harmless against any loss, liability, claim, expenses or advances, including but not limited to fees and expenses of counsel and other experts, incurred or made without negligence or willful misconduct on the part of the Trustee: (a) in the exercise and performance of any of the powers and duties hereunder or under the Installment Purchase Agreement by the Trustee; (b) relating to or arising out of the Project, or the conditions, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation or construction of the Project or any part thereof; or (c) arising out of or relating to any untrue statement or alleged untrue statement of any material fact or

omission or alleged omission to state a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading in any official statement or other offering circular utilized in connection with the sale of the Certificates, including the costs and expenses of defending itself against any claim of liability arising under this Agreement. Such indemnity shall survive payment of the Certificates and discharge of this Agreement or resignation or removal of the Trustee.

ARTICLE VIII

THE TRUSTEE

Section 8.1. Employment of Trustee. In consideration of the recitals hereinabove set forth and for other valuable consideration, the District hereby agrees to employ the Trustee to receive, hold, invest and disburse the moneys received pursuant to the Installment Purchase Agreement for credit to the various funds and accounts established by this Agreement; to execute, deliver and transfer the Certificates; and to apply and disburse the Installment Payments received from the District to the Owners of Certificates; and to perform certain other functions; all as herein provided and subject to the terms and conditions of this Agreement.

Section 8.2. Acceptance of Employment. In consideration of the compensation herein provided for, the Trustee accepts the employment above referred to subject to the terms and conditions of this Agreement. The Trustee shall be responsible for the performance of the duties specifically set forth herein, and no implied duties or obligations shall be read into this Agreement against the Trustee.

Section 8.3. Trustee; Duties, Removal and Resignation. By executing and delivering this Agreement, the Trustee accepts the duties and obligations of the Trustee provided in this Agreement, but only upon the terms and conditions set forth in this Agreement.

The District, or, if the District is in default under the Installment Purchase Agreement, the Owners of a majority in aggregate principal amount of all Certificates outstanding, may by Written Request to the Trustee, upon thirty (30) days' notice to the Trustee, remove the Trustee initially a party to this Agreement, and any successor thereto, and may appoint a successor Trustee, but any such successor shall be a corporation, association or federally chartered savings institution, authorized to exercise corporate trust powers, doing business and having a corporate trust office in California, which has (or the parent holding company of which has) a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000) and subject to supervision or examination by federal or state authorities. If such corporation, association or institution publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this section the combined capital and surplus of such corporation, association or institution shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice to the District and by giving to the Certificate Owners notice of such resignation by mail at the addresses shown on the registration books maintained by the Trustee. Upon receiving such notice of resignation, the District shall promptly appoint a successor Trustee by an instrument in writing; provided, however, that in the event that the District does not appoint a successor Trustee within thirty (30) days following receipt of such notice of resignation, the resigning Trustee may at the expense of the District petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of the Trustee and

appointment of a successor Trustee shall become effective upon written acceptance of appointment by the successor Trustee.

Section 8.4. Compensation of the Trustee. The District shall from time to time, subject to any agreement in effect with the Trustee, pay to the Trustee compensation previously agreed upon in writing for its services and shall reimburse the Trustee for all its advances and expenditures, including but not limited to advances to and fees and expenses of independent appraisers, accountants, consultants, counsel, agents and attorneys-at-law or other experts employed by it in the exercise and performance of its powers and duties hereunder. Such compensation and reimbursement shall be paid by the District and amounts owing therefor shall constitute a charge on the moneys in the Revenue Fund and payable by the District; provided, however, that the Trustee shall not otherwise have any claims, except in accordance with Section 7.13 hereof, or lien for payment of compensation for its services against any other moneys held by it in the funds or accounts established hereunder but may take whatever legal actions are lawfully available to it directly against the District. The obligation to pay such compensation shall survive payment of the Certificates and discharge of this Agreement or resignation or removal of the Trustee.

Section 8.5. Protection of the Trustee. The Trustee shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of this Agreement, and the Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee shall not be bound to recognize any person as an Owner of any Certificate or to take any action at the written request of any such person unless such Certificate shall be deposited with the Trustee or satisfactory evidence of the ownership of such Certificate shall be furnished to the Trustee and such ownership is recorded in the Trustee's books required to be maintained pursuant to Section 2.8 of this Agreement. The Trustee may consult with counsel selected by the Trustee with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

Whenever in the administration of its duties under this Agreement, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by a certificate of the Corporation or the District and such certificate shall be full warranty to the Trustee for any action taken or suffered under the provisions of this Agreement upon the faith thereof, but the Trustee may (but shall have no duty), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Certificates provided pursuant to this Agreement, and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to this Agreement. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the District or the Corporation, and may act as depositary, trustee, or agent for any committee or body of Owners of Certificates or of obligations of the Corporation or the District as freely as if it were not Trustee hereunder.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duties hereunder, and the Trustee shall not be answerable for the default or misconduct of any such attorney, agent or receiver selected by it with reasonable care. The Trustee shall not be answerable for the exercise of any power under this Agreement or for anything whatever in connection with the funds and accounts established hereunder, except only for its own willful misconduct or negligence.

The recitals, statements and representations by the District or the Corporation contained in this Agreement or in the Certificates shall be taken and construed as made by and on the part of the District or Corporation and not by the Trustee and the Trustee does not assume, and shall not have, any responsibility or obligations for the correctness of any thereof.

The Trustee undertakes to perform such duties, and only such duties as are specifically set forth in this Agreement and no implied duties or obligations shall be read into this Agreement against the Trustee.

No provision in this Agreement shall require the Trustee to risk or expend its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity reasonably satisfactory to it against such risk or liability is not assured to it. The Trustee shall be entitled to interest on all amounts advanced by it hereunder at the maximum rate permitted by law.

In accepting the trust hereby created, the Trustee acts solely as Trustee for the Owners and not in its individual capacity and all persons, including without limitation the Owners and the District or the Corporation having any claim against the Trustee arising from this Agreement shall look only to the funds and accounts held by the Trustee hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Certificates.

The Trustee makes no representation or warranty, express or implied as to the title, value, design, compliance with specifications or legal requirements, quality, durability, operation, condition, merchantability or fitness for any particular purpose or fitness for the use contemplated by the District or the Corporation of the Project. In no event shall the Trustee be liable for incidental, indirect, special, punitive or consequential damages in connection with or arising from the Installment Purchase Agreement or this Agreement for the existence, furnishing or use of the Project.

The Trustee shall not be deemed to have knowledge of any Event of Default hereunder or under the Installment Purchase Agreement unless and until a responsible officer at its corporate trust office at the address set forth in Section 11.11 has actual knowledge thereof or has received written notice thereof.

The Trustee shall not be accountable for the use or application by the District, or the Corporation or any other party of any funds which the Trustee has released in accordance with the terms of this Agreement.

The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Certificates.

Before taking any action under Article VII hereof the Trustee may require indemnity satisfactory to the Trustee be furnished from any and all expenses and to protect it against any and all liability it may incur hereunder.

The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

The Trustee shall not be liable for any action taken or not taken by it in accordance with the direction of a majority (or other percentage provided for herein) in aggregate principal amount of Certificates outstanding relating to the exercise of any right, power or remedy available to the Trustee. The permissive right of the Trustee to do things enumerated in this Agreement shall not be construed as a duty.

The Trustee is authorized and directed to execute the Assignment Agreement in its capacity as Trustee hereunder.

Section 8.6. Merger or Consolidation. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business (provided that such company is eligible under Section 8.3 hereof), shall be the successor to the Trustee without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

ARTICLE IX

AMENDMENT OF TRUST AGREEMENT

Section 9.1. Amendments Permitted.

(a) This Agreement and the rights and obligations of the District and of the Owners of the Certificates and of the Trustee may be modified or amended at any time by an amendment hereto which shall become binding when the written consents of the Owners of a majority in aggregate principal amount of the Certificates then Outstanding, exclusive of Certificates disqualified as provided in Section 11.4 hereof, shall have been filed with the Trustee. Notice of proposed execution of any amendment shall be prepared by the District. No such modification or amendment shall:

(1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the prior consent of the Owner of each Certificate so affected;

(2) reduce the aforesaid percentage of Owners of Certificates whose consent is required for the execution of any amendment or modification of this Agreement; or

(3) modify any of the rights or obligations of the Trustee or the Corporation without its prior written consent thereto.

(b) This Agreement and the rights and obligations of the Corporation and the District and of the Owners of the Certificates may also be modified or amended at any time by an amendment hereto which shall become binding upon adoption, without the consent of the Owners of

any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the District contained in this Agreement other covenants and agreements thereafter to be observed or to surrender any right or power herein reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the Owners of the Certificates;

(2) to cure, correct or supplement any ambiguous or defective provision contained in this Agreement or in regard to questions arising under this Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the Owners of the Certificates;

(3) to make such other amendments or modifications as may be in the best interests of the Owners of the Certificates; and

(4) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the Certificates from gross income for federal income tax purposes under the Code or the exemption of interest with respect to the Certificates from State personal income taxes.

Section 9.2. Endorsement or Replacement of Certificates After Amendment or Supplement. After the effective date of any action taken as hereinabove provided, the Trustee may determine that the Certificates may bear a notation by endorsement in form approved by the Trustee as to such action, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificate and presentation of such Owner's Certificate for such purpose at the designated corporate trust office of the Trustee a suitable notation as to such action shall be made on such Certificate. If the Trustee shall so determine, new Certificates so modified as in the opinion of the Trustee shall be necessary to conform to such action shall be prepared, and in that case upon demand of the Trustee to the Owner of any Outstanding Certificates such new Certificates shall be exchanged at the corporate trust office of the Trustee without cost to each Owner for Certificates then Outstanding upon surrender of such Outstanding Certificates.

Section 9.3. Amendment of Particular Certificates. The provisions of this article shall not prevent any Owner from accepting any amendments to the particular Certificates held by him, provided that due notation thereof is made on such Certificates.

ARTICLE X

DEFEASANCE

Section 10.1. Discharge of Trust Agreement. When the obligations of the District under the Installment Purchase Agreement shall cease pursuant to Article IX of the Installment Purchase Agreement (except for the right of the Trustee and the obligation of the District to have the money and Permitted Investments mentioned therein applied to the payment of Installment Payments as therein set forth and the obligation to apply moneys on deposit in the Rebate Fund as provided in Section 5.5), then in that case the obligations created by this Agreement shall thereupon cease, terminate and become void, except for the obligation of the District to direct the Trustee to apply money on deposit in the Rebate Fund as provided herein, which shall continue until such moneys are so applied, and the right of the Owners to have applied and the obligation of the Trustee to apply such moneys and Permitted

Investments to the payment of the Certificates as herein set forth and, subject to application of moneys on deposit in the Rebate Fund as provided in Section 5.5, the Trustee shall turn over to the District, after provision for payment of amounts due the Trustee hereunder, as an overpayment of Installment Payments, any surplus in the Certificate Payment Fund and all balances remaining in any other funds or accounts other than moneys and Permitted Investments held for the payment of the Certificates at maturity or on prepayment, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the benefit of the Owners and shall be applied by the Trustee to the payment, when due, of the principal and interest and premium, if any, represented by the Certificates, and after such payment, this Agreement shall become void.

If moneys or non-callable securities described in clause (A) of the definition of Permitted Investments are deposited with and held by the Trustee as hereinabove provided, the Trustee shall within ten (10) days after such moneys or Permitted Investments shall have been deposited with it, mail a notice, first class postage prepaid, to the Owners at the addresses listed on the registration books kept by the Trustee pursuant to Section 2.8, setting forth: (a) the date fixed for prepayment of the Certificates; (b) a description of the moneys or securities described in clause (A) of the definition of Permitted Investments so held by it; and (c) that this Agreement has been discharged and released in accordance with the provisions of this Section.

Section 10.2. Deposit of Money or Securities with Trustee. Whenever in this Agreement or the Installment Purchase Agreement it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or prepay any Certificates, the money or securities to be so deposited or held may include money or securities held by the Trustee in the funds and accounts established pursuant to this Agreement and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount and all unpaid interest represented by such Certificates to maturity, except that, in the case of Certificates which are to be prepaid prior to maturity and in respect of which notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or Prepayment Price and all unpaid interest to such date of prepayment, if any, represented by such Certificates; or

(b) non-callable securities described in clause (A) of the definition of Permitted Investments which will provide money sufficient to pay the principal at maturity or upon prepayment plus all accrued interest to maturity or to the prepayment date, as the case may be, represented by such Certificates to be paid or prepaid, as such amounts become due, be the principal amount or Prepayment Price and all unpaid interest to such date of prepayment, if any, represented by such Certificates, provided that, in the case of Certificates which are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Agreement and the Installment Purchase Agreement or by Written Request of the District) to apply such money or securities to the payment of such principal, Prepayment Price and interest represented by such Certificates.

In addition to the foregoing, no deposit described in this Section 10.2 shall be deemed a payment of said Certificate until the District has delivered to the Trustee: (i) a report of an Independent

Certified Public Accountant verifying the sufficiency of the amounts, if any, described in this Section 10.2 to ensure payment of such Certificate; and (ii) an opinion of counsel addressed to the Trustee to the effect that such deposit will not adversely affect the exclusion of interest on the Certificates from the gross income of the recipients thereof for federal income tax purposes.

Section 10.3. Unclaimed Moneys. Anything contained herein to the contrary notwithstanding, any moneys held by the Trustee in trust for the payment and discharge of the interest or principal or Prepayment Price represented by any of the Certificates which remain unclaimed for two years after the date of deposit of such moneys if deposited with the Trustee after the date when the interest, principal, or Prepayment Price represented by such Certificates have become payable, shall at the Written Request of the District be repaid by the Trustee to the District as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the District for the payment of the interest and principal or Prepayment Price represented by such Certificates; provided, however, that before being required to make any such payment to the District, the Trustee shall, at the written request and expense of the District, first mail a notice to the Owners of the Certificates so payable that such moneys remain unclaimed and that after a date named in such notice, which date shall not be less than thirty (30) days after the date of the mailing of such notice, the balance of such moneys then unclaimed will be returned to the District.

ARTICLE XI

MISCELLANEOUS

Section 11.1. Benefits of Trust Agreement Limited to Parties. Nothing contained herein, expressed or implied, is intended to give to any person other than the District, the Trustee, the Corporation and the Owners any claim, remedy or right under or pursuant hereto, and any agreement, condition, covenant or term required herein to be observed or performed by or on behalf of the District shall be for the sole and exclusive benefit of the Trustee, the Corporation and the Owners.

Section 11.2. Successor Deemed Included in all References to Predecessor. Whenever either the District, the Corporation or the Trustee or any officer thereof is named or referred to herein, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District, the Corporation or the Trustee or such officer, and all agreements, conditions, covenants and terms required hereby to be observed or performed by or on behalf of the District, the Corporation or the Trustee or any officer thereof shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Section 11.3. Execution of Documents by Owners. Any declaration, consent, request or other instrument which is permitted or required herein to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or such Owner's attorney of any declaration, consent, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Certificates and the amount, Payment Date, number and date of owning the same may be proved by the books required to be kept by the Trustee pursuant to the provisions of Section 2.8.

Any declaration, consent, request or other instrument in writing of the Owner of any Certificate shall bind all future Owners of such Certificate with respect to anything done or suffered to be done by the District or the Trustee in good faith and in accordance therewith.

Section 11.4. Disqualified Certificates. Certificates owned or held by or for the account of the Corporation or the District (but excluding Certificates held in any pension or retirement fund) shall not be deemed Outstanding for the purpose of any consent or other action or any calculation of Outstanding Certificates provided for in this Agreement, and shall not be entitled to consent to or take any other action provided for in this Agreement.

The Trustee may adopt appropriate regulations to require each Owner of Certificates, before his consent provided for in this Agreement shall be deemed effective, to reveal if the Certificates as to which such consent is given are disqualified as provided in this Section.

Section 11.5. Waiver of Personal Liability. No director, officer or employee of the District or the Corporation shall be individually or personally liable for the payment of the interest, principal or Prepayment Price represented by the Certificates, but nothing contained herein shall relieve any director, officer or employee of the District or Corporation from the performance of any official duty provided by any applicable provisions of law or by the Installment Purchase Agreement or hereby.

Section 11.6. Destruction of Certificates. Whenever in this Agreement provision is made for the cancellation by the Trustee of any Certificates, the Trustee shall destroy such Certificates in accordance with its customary procedures and upon written request deliver a certificate of such destruction to the District.

Section 11.7. Headings. Headings preceding the text of the several Articles and Sections hereof, and the table of contents hereto, are solely for convenience of reference and shall not constitute a part of this Agreement or affect its meaning, construction or effect.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Agreement; and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

Section 11.8. Funds and Accounts. Any fund required by this Agreement to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with sound industry practices and with due regard for the protection of the security of the Certificates and the rights of every Owner thereof.

Section 11.9. Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required herein to be observed or performed by or on the part of the District, the Corporation or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void and shall be deemed

separable from the remaining agreements, conditions, covenants and terms hereof and shall in no way affect the validity hereof or of the Certificates, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The District, the Corporation and the Trustee hereby declare that they would have executed this Agreement, and each and every other article, section, paragraph, subdivision, sentence, clause and phrase hereof and would have authorized the execution and delivery of the Certificates pursuant hereto irrespective of the fact that any one or more articles, sections, paragraphs, subdivisions, sentences, clauses or phrases hereof or the application thereof to any person or circumstances may be held to be unconstitutional, unenforceable or invalid.

Section 11.10. California Law. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

Section 11.11. Notices. All written notices to be given under this Agreement to the parties hereto shall be given by mail, electronic transmission or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other parties in writing from time to time.

If to the District: Crescenta Valley Water District
2700 Foothill Boulevard
La Crescenta, CA 91214
Attention: General Manager
Telephone: (818) 248-3925
Facsimile: (818) 248-1659

If to the Corporation: Crescenta Valley Water District Financing Corporation
2700 Foothill Boulevard
La Crescenta, CA 91214
Attention: General Manager
Telephone: (818) 248-3925
Facsimile: (818) 248-1659

If to the Trustee: U.S. Bank National Association
Attention: Corporate Trust Department
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6052

The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions, notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. The party providing electronic instructions agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 11.12. Execution in Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile

or PDF transmission shall constitute effective execution and delivery of this Agreement as to the parties hereto and may be used in lieu of the original Agreement and signature pages for all purposes.

Section 11.13. Force Majeure. In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 11.14. U.S.A. Patriot Act. The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. Patriot Act, the Trustee, like all financial institutions and in order to help fight the funding of terrorism and money laundering, is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee. The parties to this Agreement agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. Patriot Act.

IN WITNESS WHEREOF, the parties have executed and attested this Agreement by their officers thereunto duly authorized as of the date and year first written above.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
President

Attest:

Secretary

CRESCENTA VALLEY WATER DISTRICT

By: _____
President of the Board of Directors

Attest:

Secretary of the Board of Directors

EXHIBIT A

[FORM OF CERTIFICATE OF PARTICIPATION]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AS DEFINED IN THE TRUST AGREEMENT) TO THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE EXECUTED AND DELIVERED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.

CRESCENTA VALLEY WATER DISTRICT REVENUE CERTIFICATE OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2020
Evidencing an Interest of the Owner Hereof
in Installment Payments to be Made by
CRESCENTA VALLEY WATER DISTRICT

<i>INTEREST RATE</i>	<i>CERTIFICATE PAYMENT DATE</i>	<i>DATED DATE</i>	<i>CUSIP</i>
____%	[September 1], ____	[_____, 2020]	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Revenue Certificate of Participation, Series 2020 (herein called the "Certificate") is the Owner of an undivided interest in the right to receive certain Installment Payments (as that term is defined in the Trust Agreement hereinafter mentioned) under that certain Installment Purchase Agreement, dated as of September 1, 2020 (the "Installment Purchase Agreement"), by and between Crescenta Valley Water District Financing Corporation (the "Corporation") and the Crescenta Valley Water District (the "District"), the Installment Payments to be made thereunder having been assigned to U.S. Bank National Association., as trustee (the "Trustee"), having a corporate trust office in Los Angeles, California. The Trustee has executed and delivered \$____ aggregate principal amount of Certificates.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Installment Purchase Agreement and the Trust Agreement, on the Certificate Payment Date (specified above) the Principal Amount (specified above) representing a portion of the Installment Payments designated as principal coming due on the Certificate Payment Date, and to receive an interest component on such principal component at the interest rate per annum specified above, from the Interest Payment Date (as hereinafter defined) preceding the date of execution hereof by the Trustee, unless such date is after a Record Date (as hereinafter defined) and on or before the succeeding Interest Payment Date, in which case interest shall be payable from such Interest Payment Date or unless such date of execution is on or before the first Record Date, in which case interest shall be payable from the

Dated Date; provided, however, that if, as shown by the records of the Trustee, interest with respect to this Certificate shall be in default, Certificates executed in exchange for this Certificate surrendered for transfer or exchange shall represent interest from the last date to which interest has been paid in full or duly provided for with respect to this Certificate, or, if no interest has been paid or duly provided for with respect to this Certificate, from the date of initial delivery. Interest with respect to this Certificate shall be paid on [March 1] and [September 1] of each year (each, an "Interest Payment Date"), commencing [March 1], [2021], and continuing to and including the Certificate Payment Date or the date of prior prepayment hereof, whichever is earlier. The principal of and Prepayment Price with respect to this Certificate are payable in lawful money of the United States of America upon presentation and surrender at the designated corporate trust office of the Trustee. Interest with respect hereto is payable by check of the Trustee mailed by first class mail on the Interest Payment Dates of this Certificate to the Registered Owner hereof as of the close of business on the on the fifteenth day of the calendar month preceding such Interest Payment Date (the "Record Date") at the addresses shown on the books required to be kept pursuant to Trustee or, upon the written request received by the Trustee of a Registered Owner of at least \$1,000,000 in aggregate principal amount of Certificates, by wire transfer of immediately available funds to an account in the United States designated by such Registered Owner prior to the applicable Record Date, except in each case, that, if and to the extent that there shall be a default in the payment of the interest due on such Interest Payment Date, such defaulted interest shall be paid to the Registered Owner in whose name this Certificate is registered at the close of business on a special record date as determined by the Trustee.

This Certificate has been executed by the Trustee pursuant to the terms of a Trust Agreement, dated as of September 1, 2020, by and among the Trustee, the Corporation and the District (the "Trust Agreement"). Copies of the Trust Agreement and the Installment Purchase Agreement are on file at the corporate trust office of the Trustee in Los Angeles, California, and reference is made to the Trust Agreement and the Installment Purchase Agreement and any and all amendments thereto for a description of the pledges and covenants securing the Certificates, the nature, extent and manner of enforcement of such pledges, the rights and remedies of the Registered Owners of the Certificates with respect thereto and the other terms and conditions upon which the Certificates are delivered thereunder.

The Certificates are payable from Installment Payments payable by the District and other amounts on deposit in certain funds and accounts held under the Trust Agreement, all in accordance therewith. All Revenues and all amounts on deposit in the Revenue Fund (as such term is defined in the Installment Purchase Agreement) are irrevocably pledged to the payment of Installment Payments, and the Revenues shall not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues and amounts on deposit in the Revenue Fund there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. Such pledge, together with the pledge created by all other Contracts and Bonds (as such terms are defined in the Installment Purchase Agreement), constitutes a first lien on Revenues, the Revenue Fund and all amounts on deposit therein as permitted by the Installment Purchase Agreement, subject to application of Revenues in accordance with the terms of the Installment Purchase Agreement. The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from Net Revenues (as defined in the Installment Purchase Agreement) and other funds described in the Installment Purchase Agreement, and does not constitute a debt of the District or the State of California or any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

The District may at any time execute any Contract the installment payments under which, or issue any Bonds the payments of which, as the case may be, are on a parity with the Installment

Payments and which are secured by a pledge of and lien on the Revenues, and are payable from Net Revenues in accordance with the Installment Purchase Agreement.

The Certificates are authorized to be executed and delivered in the form of fully registered Certificates in denominations of \$5,000 each or any integral multiple thereof; provided that no Certificate shall have principal represented thereby maturing payable in more than one year.

This Certificate may be exchanged at the corporate trust office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same series and maturity. The Trustee may charge a sum for each new Certificate executed and delivered upon any exchange except in the case of any exchange of temporary Certificates for definitive Certificates. The Trustee may require the payment by the Registered Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates, the Trustee shall cancel and destroy the Certificates it has received in accordance with its customary procedures.

This Certificate may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of the Trust Agreement, by the person in whose name it is registered, in person or by such person's duly authorized attorney, upon surrender of this Certificate for cancellation at the corporate trust office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee.

Whenever any Certificate shall be surrendered for transfer, the Trustee shall execute and deliver a new Certificate of the same series and maturity, for a like aggregate principal amount, and of authorized denomination or denominations. The Trustee may charge a sum for each new Certificate executed and delivered upon any transfer. The Trustee may require the payment by any Registered Owner requesting any such transfer of any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of Certificates, the Trustee shall cancel and destroy the Certificates it has received in accordance with its customary procedures.

The Trustee shall not be required to register the exchange or transfer of any Certificate: (i) within 15 days preceding selection of Certificates for prepayment; or (ii) selected for prepayment (except for any non-prepaid portion hereof).

The Certificates with stated maturities on or after [September 1], 20__, are subject to optional prepayment prior to their respective stated maturities, as a whole or in part on [September] 1, 20__ and any date thereafter in the order of maturity as directed by the District in a written request provided to the Trustee and by lot within each maturity in integral multiples of \$5,000, from amounts prepaid by the District pursuant to the Installment Purchase Agreement, at a prepayment price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

The Certificates with stated maturities on [September 1], 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, in part (by lot) on [September 1], 20__ and each [September 1] thereafter in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a prepayment price of the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule.

Term Certificates Due [September 1], 20__

***Prepayment Date
([September 1])***

Principal Amount

\$

†

† Final Maturity.

If some but not all of the Certificates maturing on [September 1], 20__ are optionally prepaid, the principal amount of the applicable term Certificates to be prepaid as shown in the above table on any subsequent [September 1] will be reduced, by \$5,000 or an integral multiple thereof, as designated by the City in a Certificate of the City filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Certificates which are optionally prepaid.

As provided in the Trust Agreement, notice of prepayment hereof shall be mailed, first class postage prepaid, not less than 20 nor more than 60 days prior to the prepayment date, to the Registered Owner of this Certificate. If this Certificate is called for prepayment and payment is duly provided therefor as, specified in the Trust Agreement, interest represented hereby shall cease to accrue from and after the date fixed for prepayment. Any defect in the notice or the mailing will not affect the validity of the prepayment of this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Installment Purchase Agreement, as the case may be, the Trust Agreement and the rights and obligations of the District and of the Registered Owners of the Certificates and of the Trustee or the Installment Purchase Agreement and the rights and obligations of the Corporation and the District and the Registered Owners of the Certificates and the Trustee, respectively, may be modified or amended at any time with the written consents of the Registered Owners of a majority in aggregate principal amount of the Certificates then outstanding, exclusive of Certificates disqualified as provided in the Trust Agreement, but no such modification or amendment shall: (1) extend the stated maturities of the Certificates, or reduce the rate of interest represented thereby, or extend the time of payment of interest, or reduce the amount of principal represented thereby, or reduce any premium payable on the prepayment thereof, without the prior consent of the Registered Owner of each Certificate so affected; (2) reduce the aforesaid percentage of Registered Owners of Certificates whose consent is required for the execution of any amendment or modification of the Trust Agreement or the Installment Purchase Agreement; or (3) modify any of the rights or obligations of the Trustee or the Corporation without its written consent thereto.

To the extent and in the manner permitted by the terms of the Trust Agreement and the Installment Purchase Agreement, as the case may be, the Trust Agreement and the rights and obligations of the Corporation and the District and of the Registered Owners of the Certificates or the Installment Purchase Agreement and the rights and obligations of the Corporation and the District and

the Registered Owners of the Certificates, respectively, may also be modified or amended, without the consent of the Registered Owners of any Certificates, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Corporation or the District contained in the Trust Agreement or the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Trust Agreement or the Installment Purchase Agreement reserved to or conferred upon the Corporation or the District, and which shall not adversely affect the interests of the Registered Owners of the Certificates;

(2) to cure, correct or supplement any ambiguous or defective provision contained in the Trust Agreement or the Installment Purchase Agreement or in regard to questions arising under the Trust Agreement or the Installment Purchase Agreement, as the Corporation or the District may deem necessary or desirable and which shall not adversely affect the interests of the Registered Owners of the Certificates;

(3) to make such other amendments or modifications as may be in the best interests of the Registered Owners of the Certificates; and

(4) to make any amendments or supplements necessary or appropriate to preserve or protect the exclusion of interest with respect to the Certificates from [gross income for federal income tax purposes under the Code or the exemption of such interest from] State personal income taxes.

Upon declaration of the entire principal amount of the unpaid Installment Payments and the accrued interest thereon to be due and payable immediately and provided that such declaration is not rescinded or annulled, all in accordance with the Installment Purchase Agreement, the Trustee may apply all moneys received as Installment Payments and all moneys held in any fund or account under the Trust Agreement (other than the Rebate Fund) to the payment of the entire principal amount of the Certificates and the accrued interest with respect thereto, with interest with respect to the overdue Certificates at the rate or rates of interest applicable to the Certificates if paid in accordance with their terms.

The Trustee has no obligation or liability to the Registered Owners of the Certificates for the payment of interest, principal, or Prepayment Price with respect to the Certificates out of the Trustee's own funds; the Trustee's sole obligations are those described in the Trust Agreement. The recitals of facts herein shall be taken as statements of the District and the Corporation and the Trustee does not have any responsibility for the accuracy thereof.

The District has certified that all acts, conditions and things required by the Constitution and statutes of the State of California and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner as required by law.

IN WITNESS WHEREOF, this Certificate has been executed by the manual signature of an authorized signatory of the Trustee, all as of the date set forth below.

Execution date: September __, 2020

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: _____
Authorized Officer

FORM OF ASSIGNMENT

ASSIGNMENT

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned Certificate and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the Certificate register of the Trustee with full power of substitution in the premises.

Dated: _____

Note: The signature(s) to this Assignment must correspond with the name(s) as written on the face of the within Certificate in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by an eligible guarantor institution meeting the requirements of membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined in substitution for STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

EXHIBIT B

CERTIFICATE OF GENERAL MANAGER

I, Nem Ochoa, am the duly authorized General Manager of the Crescenta Valley Water District (the “District”) and, in accordance with Sections 2.3(a) and 4.1 of the Trust Agreement, dated as of September 1, 2020 (the “Trust Agreement”), by and among U.S. Bank National Association, as trustee, the Crescenta Valley Water District Financing Corporation and the District, set forth the following:

1. In accordance with Section 2.3(a) of the Trust Agreement, the Certificates in the aggregate principal amount of \$_____ shall become payable on [September 1] in the years and with an interest component as set forth below:

<i>([September 1])</i>	<i>Principal</i>	<i>Interest Rate</i>
20	\$	%

2. In accordance with Section 4.1(a) of the Trust Agreement, the Certificates maturing on or after [September 1], 20__ are subject to optional prepayment prior to their respective stated maturities, as a whole or in part on [September] 1, 20__ or any date thereafter in the order of maturity as directed by the District in a written request to the Trustee at least 60 days (or such lesser number of days acceptable to the Trustee) prior to such date and by lot within each maturity, in integral multiples of \$5,000 from amounts prepaid by the District pursuant to the Installment Purchase Agreement at a Prepayment Price equal to the principal amount of the Certificates to be prepaid, plus accrued interest represented thereby to the date fixed for prepayment, without premium.

3. In accordance with Section 4.1(b) of the Trust Agreement, the Certificates with stated maturities on [September 1], 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, in part (by lot) on [September 1], 20__ and each [September 1] thereafter in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a prepayment price of the principal amount thereof (together with

accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

<i>Prepayment Date</i> <i>(September 1)</i>	<i>Principal Amount</i>
	\$

†

† Final Maturity.

Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Trust Agreement.

Dated: September __, 2020

CRESCENTA VALLEY WATER DISTRICT

By: _____
General Manager

EXHIBIT C

FORM OF REQUISITION FROM DELIVERY COST FUND

\$ _____
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION (WATER SYSTEM IMPROVEMENT
PROJECTS), SERIES 2020

REQUISITION NO. __ FOR DISBURSEMENT FROM
DELIVERY COST FUND

The undersigned hereby states and certifies:

(i) that he is the duly appointed, qualified and acting General Manager of the Crescenta Valley Water District, a county water district organized and existing under the Constitution and laws of the State of California (the "District"), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.4 of that certain Trust Agreement, dated as of September 1, 2020 (the "Trust Agreement"), by and among U.S. Bank National Association, as trustee (the "Trustee"), the District and the Crescenta Valley Water District Financing Corporation and the District, the undersigned hereby requests the Trustee to disburse this date the following amounts from the Delivery Cost Fund established under the Trust Agreement to the payees designated on the attached Exhibit 1;

(iii) that such payments shall be made by check or wire transfer in accordance with the payment instructions set forth in the attached invoices submitted in accordance herewith and the Trustee shall rely on such payment instructions as though given by the District with no duty to investigate or inquire as to the authenticity of the invoice or the payment instructions contained therein or the authority under which they were given;

(iv) that each obligation mentioned herein has been incurred by the District and is a proper charge against the Delivery Cost Fund; and

(v) that there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the moneys payable to any of the payees named on the attached Exhibit 1, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: ____ __, 20__

CRESCENTA VALLEY WATER DISTRICT

By: _____
Its: General Manager

EXHIBIT 1

COSTS OF ISSUANCE FUND DISBURSEMENTS

<i>Item Number</i>	<i>Payee Name and Address</i>	<i>Purpose of Obligation</i>	<i>Amount</i>
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ASSIGNMENT AGREEMENT

by and between

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of September 1, 2020

relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2020

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into and dated as of September 1, 2020 by and between the Crescenta Valley Water District Financing Corporation, a nonprofit public benefit corporation duly organized and existing under the laws of the State of California (the “**Corporation**”) and U.S. Bank National Association, a national banking association duly organized and existing under the laws of the United States of America, as trustee (the “**Trustee**”);

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL AGREEMENTS AND COVENANTS CONTAINED HEREIN AND FOR OTHER VALUABLE CONSIDERATION, THE PARTIES HERETO DO HEREBY AGREE AS FOLLOWS:

Section 1. Assignment.

The Corporation, for good and valuable consideration in hand received, does hereby sell, assign and transfer to the Trustee without recourse, for the benefit of the owners of the Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the “**Certificates**”), executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of September 1, 2020 (the “Trust Agreement”), by and among the Crescenta Valley Water District (the “**District**”), the Corporation and the Trustee, all of its rights, title, and interest in the Installment Purchase Agreement, dated as of September 1, 2020 (the “**Installment Purchase Agreement**”), by and between the District and the Corporation, including the right to receive all installment payments from the District under the Installment Purchase Agreement (but not including the right to be indemnified and the right to receive notices pursuant to the Installment Purchase Agreement), together with any and all of the other rights of the Corporation under the Installment Purchase Agreement as may be necessary to enforce payment of such installment payments when due or otherwise to protect the interests of the owners of the Certificates. The assignment herein is absolute and presently effective.

Section 2. Acceptance.

The Trustee hereby accepts the foregoing assignment for the purpose of securing the right assigned to it to receive all such installment payments from the District under the Installment Purchase Agreement and the other rights assigned to it, subject to the terms and provisions of the Trust Agreement, and all such installment payments shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

Section 3. Conditions.

This Assignment Agreement shall confer no rights or impose no obligations upon the Trustee beyond those expressly provided in the Trust Agreement. This Assignment Agreement shall constitute a complete assignment by the Corporation of all of its rights under and pursuant to the Installment Purchase Agreement, except as otherwise provided herein.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their officers thereunto duly authorized as of the day and year first written above.

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
Its: President

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: _____
Its: Authorized Officer

PRELIMINARY OFFICIAL STATEMENT DATED _____, 2020

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: [____]
(See
“RATINGS”)

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein, and the accuracy of certain representations and certifications made by the District and the Corporation described herein, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code. Bond Counsel is further of the opinion that interest on the Certificates is exempt from personal income taxes of the State of California (the “State”) under present State law. See “TAX MATTERS” with respect to tax consequences with respect to the Certificates.



**\$(PAR)*
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2020**

**Dated: Date of Delivery
inside cover**

Due: September 1, as shown on the

The Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the “Certificates”) are being executed and delivered to (i) to finance capital improvements to the District Water System, (ii) to prepay existing installment payment obligations, and (iii) pay certain costs of delivery.

Interest due with respect to the Certificates is payable semi-annually on March 1 and September 1 in each year commencing March 1, 2021. The Certificates will be executed and delivered in book-entry form, without coupons, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchasers of the Certificates will not receive physical certificates from the District representing their interests in the Certificates purchased. DTC will act as securities depository for the Certificates. The principal and interest with respect to the Certificates are payable directly to DTC by U.S. Bank National Association, Los Angeles, California, as Trustee. Upon receipt of payments of such principal and interest, DTC is obligated to remit such principal and interest to the participants in DTC for subsequent disbursement to the beneficial owners of the Certificates. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

The Certificates are subject to optional, mandatory and extraordinary prepayment prior to maturity as further described in this Official Statement.

The Certificates are payable from Installment Payments payable by the District and amounts on deposit in certain funds and accounts established by the Trust Agreement. The obligation of the District to make Installment Payments is a special obligation of the District payable solely from Net Revenues of the Water System of the District. The District may incur additional obligations payable from Net Revenues of the Water System on a parity with the Installment Payments, subject to the terms and conditions set forth in the Installment Purchase Agreement. The District operates a wastewater system but the revenues from the wastewater system are not pledged to or available to pay the Installment Payments.

THE OBLIGATION OF THE DISTRICT TO MAKE THE INSTALLMENT PAYMENTS IS AN IRREVOCABLE OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES BUT DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO MAKE INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT DOES NOT CONSTITUTE A DEBT OR AN INDEBTEDNESS OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Potential investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE
(See inside front cover)**

The Certificates are offered when, as and if delivered and received by the Underwriter, subject to the approval of the validity of the Installment Purchase Agreement by Nixon Peabody LLP, as Special Counsel to the District, and certain other matters. Certain legal matters will be passed upon for the Underwriter by Jones Hall, A Professional Law Corporation, San Francisco, California, Underwriter’s Counsel, for the District and the Corporation by Lagerlof, LLP, as General Counsel to the District and the Corporation and for the Trustee by its counsel. Kutak Rock LLP serves as Disclosure Counsel for the District in connection with the issuance of the Certificates. It is anticipated that the Certificates will be available for delivery through the facilities of DTC on or about September [____], 2020.

* Preliminary, subject to change.
4830-5006-5346.4

STIFEL

Dated: [_____], 2020

[\$PAR]*
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2020

Maturity <u>(September</u> <u>1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP</u> ⁺
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* Preliminary, subject to change.

⁺ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright© 2020 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the District, the Corporation, the Underwriter or their respective agents or counsel assume responsibility for the accuracy of such numbers.

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS

Kerry Erickson, President
James Bodnar, Vice President
Judy Tejada
Ken Putnam
Sharon Raghavachary

DISTRICT STAFF

Nemesciano Ochoa, General Manager
James Lee, Director of Finance and Administration
David Gould, Director of Engineering
Dennis Maxwell, Director of Operations
Arturo Montes, Finance and Administration Manager

SERVICES

General Counsel

Lagerlof, LLP
Pasadena, California

Special Counsel

Nixon Peabody LLP
Los Angeles, California

Disclosure Counsel

Kutak Rock LLP
Los Angeles, California

Municipal Advisor

Campanile Group, Inc.
Laguna Beach, California

Trustee

U.S. Bank National Association
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the Underwriter, the District, the Corporation or the Trustee to give any information to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates by a person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. This Official Statement is not to be construed as a contract with the purchasers or any of the owners of the Certificates. Any statement made in this Official Statement involving estimates, forecasts or matters of opinion, whether or not expressly so stated, is intended solely as such and not as representations of fact. The information set forth herein has been furnished by the District, the Corporation, The Depository Trust Company, and other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as representations by the Underwriter.

In reliance upon exemptions contained in such acts, the Certificates have not been registered under the Securities Act of 1933, as amended, nor has the Trust Agreement been qualified under the Trust Indenture Act of 1939, as amended. The registration or qualification of the Certificates in accordance with applicable provisions of securities laws of any state in which the Certificates have been registered or qualified and the exemption from registration or qualification in other states cannot be regarded as a recommendation. Neither those states nor any of their agencies have passed upon the merits of the Certificates or the accuracy or completeness of this Official Statement.

The information set forth herein has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter. The information and expression of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT MAY STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND “FORWARD-LOOKING STATEMENTS.” NO ASSURANCE CAN BE GIVEN THAT THE FUTURE RESULTS DISCUSSED HEREIN WILL BE ACHIEVED, AND ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THE FORECASTS DESCRIBED HEREIN. IN THIS RESPECT, THE WORDS “ESTIMATE,” “PROJECT,” “ANTICIPATE,” “EXPECT,” “INTEND,” “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

The District maintains a website, however, the information presented there is not part of this Official Statement and should not be relied upon in making an investment decision with respect to the Certificates. References to website addresses other than the District’s website presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission.

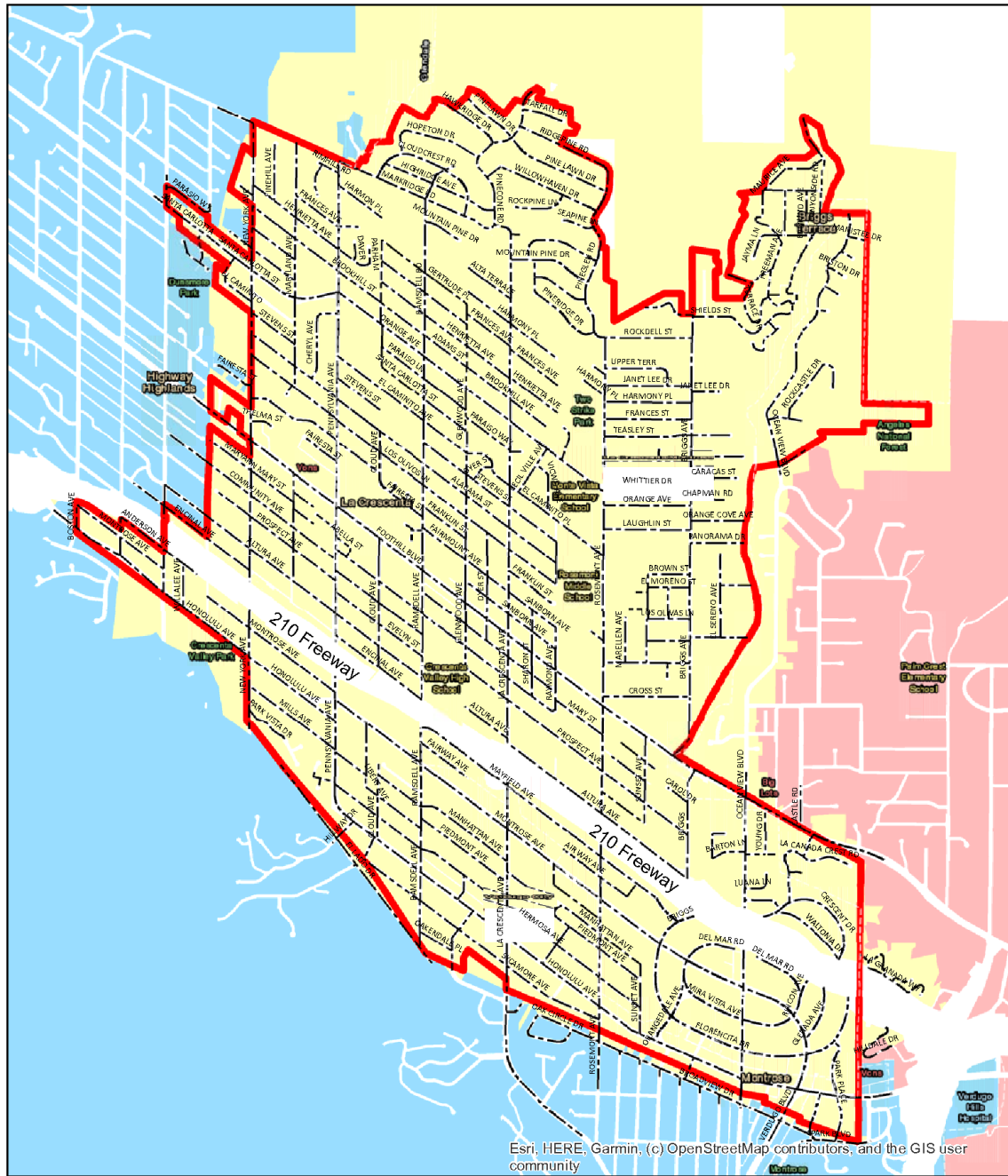
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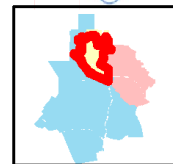
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CRESCENTA VALLEY WATER DISTRICT VICINITY MAP



Crescenta Valley Water District Water and Wastewater Service Boundary

0 0.1 0.2 0.4 0.6 0.8 Miles



\$[PAR]*
**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2020**

INTRODUCTION

General. This Official Statement sets forth information concerning the execution and delivery of the Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the “Certificates”) to be executed and delivered by U.S. Bank National Association, as trustee (the “Trustee”). See the caption “THE CERTIFICATES.”

The District and the Service Area. Crescenta Valley Water District (the “District”) is situated in the Crescenta Valley area of Los Angeles County in the foothills of the San Gabriel Mountains, approximately 15 miles northeast of downtown Los Angeles. The District was originally established in 1950 to provide water service to the inhabitants of the unincorporated communities of La Crescenta, Montrose and Verdugo City. The District is currently comprised of approximately 4 square miles and, in addition to the areas within the District, serves a portion of the City of Glendale and areas of La Crescenta and Montrose outside of the District boundaries. The estimated population of the District service area was approximately 33,000 as of July 2020. The District currently serves approximately 8,000 residential and commercial accounts. The areas served by the District are substantially built out and significant growth in customer accounts is not expected by the District.

The District operates a wastewater system, but the revenues from the wastewater system are not pledged or available to pay Installment Payments.

Purposes of the Certificates. The Certificates are being executed and delivered to (i) finance capital improvements to the District Water System (as more particularly described under the caption “PLAN OF FINANCE,” the “2020 Project”), (ii) prepay existing installment payment obligations, and (iii) pay certain costs of delivery.

Authority for Certificates. The Certificates are executed and delivered under a Trust Agreement, dated as of September 1, 2020 (the “Trust Agreement”), by and among the Trustee, the District and Crescenta Valley Water District Financing Corporation (the “Corporation”). The Corporation has assigned to the Trustee, for the benefit of the Owners, the right of the Corporation to receive and collect the Installment Payments due from the District to the Corporation under the Installment Purchase Agreement dated as of September 1, 2020 (the “Installment Purchase Agreement”) and other amounts payable by the District to the Corporation pursuant to the Assignment Agreement dated as of September 1, 2020, by and between the Trustee and the Corporation (the “Assignment Agreement”).

Sources of Payment for the Certificates. The Certificates are payable from Installment Payments payable by the District and amounts on deposit in certain funds and accounts established by the Trust Agreement. The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from Net Revenues of the Water System of the District (as such terms are defined in APPENDIX A — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS). Net Revenues of the Water System of the District consist of the Revenues of the Water System less Operation and Maintenance Costs (as such terms are defined in APPENDIX A — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS). See the caption “SECURITY FOR THE CERTIFICATES”.

* Preliminary, subject to change.

The obligation of the District to pay Installment Payments does not constitute an obligation of the District for which the District is obligated to levy any form of taxation or for which the District has levied any form of taxation. The obligation of the District to make Installment Payments under the Installment Purchase Agreement does not constitute a debt or an indebtedness of the District, the State of California (the "State"), or any of the political subdivisions of the State in contravention of the Constitution or statutes of the State. Under no circumstances is the District required to advance any moneys derived from any source of income other than the funds described above, nor are any other funds or property of the District liable for the payment of the Installment Payments. See the caption "SECURITY FOR THE CERTIFICATES — Revenue Pledge".

No Reserve Fund. No reserve fund has been established in connection with the Certificates.

Redemption. The Certificates will be subject to optional, mandatory and extraordinary redemption prior to maturity, as more fully described under the caption "THE CERTIFICATES."

Rate Covenant. [The District, to the fullest extent permitted by law, will prescribe and assess at the commencement of each Fiscal Year rates and charges for Water Service which, when combined with other Revenues of the District, are reasonably expected, at the commencement of such Fiscal Year, to be at least sufficient to yield Net Revenues during each Fiscal Year equal to [one hundred twenty-five percent (125%)] of Maximum Annual Debt Service payable in such Fiscal Year. The District will have in effect at all times by-laws, rules and regulations requiring each customer who purchases water from the Water System to pay the rates and charges applicable to the Water Service and providing for the billing thereof and for a due date and a delinquency date for each bill. See "SECURITY FOR THE CERTIFICATES."]

Additional Parity Debt. The District may at any time execute any other Contract or issue any Bonds, subject to certain restrictions, as the case may be, payable from Net Revenues on a parity with the Installment Payments, as more fully described under the caption "SECURITY FOR THE CERTIFICATES."

Rate Stabilization Fund for the Certificates. Pursuant to the Installment Purchase Agreement, the District may maintain and hold a separate fund to be known as the "Rate Stabilization Fund." The Rate Stabilization Fund is not pledged to secure the Installment Payments and shall not be pledged to secure the payment of the principal of or interest on any Parity Obligations. The District may withdraw amounts from the Rate Stabilization Fund for inclusion in Revenues for any Fiscal Year, such withdrawals to be made during or within 270 days after the end of a Fiscal Year. See "SECURITY FOR THE CERTIFICATES" herein.

Miscellaneous. Brief descriptions of the Trust Agreement, Installment Purchase Agreement, the Certificates, the security and sources of payment for the Certificates, and the District are provided herein. Such descriptions do not purport to be comprehensive or definitive. Definition of certain capitalized terms used herein with respect to the Trust Agreement and the Installment Purchase Agreement may be found in Appendix A — “SUMMARY OF PRINCIPAL LEGAL DOCUMENTS.” All references made to various documents herein are qualified in their entirety by reference to the forms thereof, all of which are available for inspection at the office of the Clerk of the Board of the District located at 2700 Foothill Boulevard, La Crescenta, California.

Continuing Disclosure. The District has covenanted in a Continuing Disclosure Agreement for the benefit of the holders and beneficial owners of the Certificates to provide certain financial information and operating data relating to the District by not later than each April 1, commencing April 1, 2021, and to provide notices of the occurrence of certain enumerated events. The Annual Reports and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system or any successor repository prescribed by the Municipal Securities Rulemaking Board. The specific nature of the information to be contained in the Annual Reports and the notice of enumerated events is set forth hereto in Appendix D-“FORM OF CONTINUING DISCLOSURE AGREEMENT.” These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. For a discussion of the District’s compliance with prior continuing disclosure undertakings, see “CONTINUING DISCLOSURE” herein.

Forward-Looking Statements. Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions “THE WATER SYSTEM OF THE DISTRICT – Future Water System Improvements” and “– Projected Operating Results and Debt Service Coverage” herein.]

The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The District does not plan to issue any updates or revisions to the forward-looking statements set forth in this Official Statement.

PLAN OF FINANCE

The District expects to spend approximately \$5,000,000 of Certificate proceeds to construct a variety of capital improvements to the District Water System during the fiscal years ending June 30, 2021 and 2022 (the “2020 Project”). These improvements include replacement of pipelines and booster pumps, rehabilitation of wells and reservoirs, technology upgrades, installation of advanced metering infrastructure and development of a stormwater recharge system. Pursuant to the Installment Purchase Agreement, the District may substitute or add additional projects to the 2020 Project. The District expects to undertake any necessary environmental approvals on individual components of the 2020 Project prior to commencement of each component. The District expects to comply with all bidding and other permitting requirements for each component of the 2020 Project as required by law. All components of the 2020 Project are expected to be substantially completed by June 30, 2022.

In addition to the improvements described above, the District will apply approximately \$6,700,000 of Certificate proceeds to the prepayment of an existing installment purchase agreement with Pacific Western Bank (the “PWB Financing”) on or about the date of initial delivery of the Certificates. Proceeds of the PWB Financing were applied to refinance certain improvements to the District’s water system.

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds with respect to the Certificates are set forth below.

CRESCENTA VALLEY WATER DISTRICT Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 Estimated Sources and Uses of Funds⁽¹⁾

Sources

Par amount of Certificates	\$[PAR]*
Net Original Issue [Discount/Premium]	
TOTAL	

Uses

Deposit to Acquisition Fund
Prepayment of PWB Financing
Costs of Delivery ⁽²⁾
TOTAL

⁽¹⁾ All amounts are rounded to the nearest dollar.

⁽²⁾ Includes underwriter discount and fees for Trustee, legal fees, printing costs, rating agency fees and other costs of delivery.

THE CERTIFICATES

Terms of the Certificates

The Certificates will be executed and delivered in the aggregate principal amount of \$[PAR]*. The Certificates will be dated as of the date of delivery thereof and will represent interest from such date at the rates per annum and will mature on the dates set forth on the inside front cover page of this Official Statement. Interest with respect to the Certificates will be computed based on a year consisting of 360 days and twelve 30-day months. Individual purchases will be made in principal amounts of \$5,000 and integral multiples thereof.

Interest with respect to the Certificates is payable by check or draft of the Trustee mailed by first class mail on March 1 and September 1 each year, beginning March 1, 2021 (each an “Interest Payment Date”) to the respective owners of Certificates (“Owners”) of record as of the close of business on the first day of the calendar month of such Interest Payment Date (the “Record Date”) at the addresses shown on the registration books, or upon the written request received by the Trustee of an Owner of at least \$1,000,000 in aggregate principal amount of the Certificates by wire transfer of immediately available funds to an account in the United States designated by such Owner prior to the applicable Record Date.

Principal of the Certificates is payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Trustee.

* Preliminary, subject to change.

Prepayment of Certificates

Optional Prepayment. The Certificates are subject to optional prepayment prior to their respective stated maturities, as determined by the District, as a whole or in part on any date in the order of maturity as directed by the District in a written request provided to the Trustee at least 60 days (or such lesser number of days acceptable to the Trustee) prior to such date and by lot within each maturity, and at the Prepayment Price of such Certificates provided by the District in a certificate of the General Manager.

Mandatory Prepayment. The Certificates maturing on September 1, 20[] are subject to mandatory sinking fund prepayment prior to such stated maturity, in part (by lot) on [September 1], 20[] on each [September 1] thereafter in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a prepayment price of the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule:

Prepayment Date
September 1

Principal Amount

* Final Maturity.

If some but not all of the Certificates maturing on [September 1], 20__ are optionally prepaid as set forth above, the principal amount of the applicable Certificates to be prepaid pursuant to sinking fund prepayment on any subsequent [September 1] will be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Certificate of the District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Certificates optionally prepaid.

Notice of Prepayment. Notice of prepayment shall be mailed, first class postage prepaid, to the respective Owners of any Certificates designated for prepayment at their addresses appearing on the Certificate registration books and to the Information Services and by registered or certified or overnight mail or electronically to the Securities Depository at least 20 days but not more than 60 days prior to the prepayment date. Each such notice of prepayment shall state the date of notice, the prepayment date, the place or places of prepayment and the Prepayment Price, shall designate the maturities, CUSIP numbers, if any, and, if less than all of any such maturity is to be prepaid, the serial numbers of the Certificates of such maturity to be prepaid by giving the individual number of each Certificate or by stating that all Certificates between two stated numbers, both inclusive, have been called for prepayment and, in the case of Certificates to be prepaid in part only, the respective portions of the principal amount thereof to be prepaid. Each such notice shall also state that on said date there will become due and payable on each of said Certificates the Prepayment Price thereof or of said specified portion of the principal represented thereby in the case of a Certificate to be prepaid in part only, together with interest accrued with respect thereto to the prepayment date, and that (provided that moneys for prepayment have been deposited with the Trustee) from and after such prepayment date interest with respect thereto shall cease to accrue, and shall require that such Certificate be then surrendered to the Trustee. Any defect in the notice or the mailing will not affect the validity of the prepayment of any Certificate.

Partial Prepayment. Upon surrender of any Certificate prepaid in part only, the Trustee will execute and deliver to the Owner, at the expense of the District, a new Certificate or Certificates of authorized denominations equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and maturity.

DTC and Book-Entry Only System

The information under this caption concerning The Depository Trust Company (“DTC”) and DTC’s book-entry system has been obtained from DTC, and the District, the Trustee, and the Underwriter take no responsibility for its accuracy. See Appendix E — “DTC AND BOOK-ENTRY ONLY SYSTEM” for a further description of DTC and its book-entry system. Capitalized terms used under this caption and not otherwise defined have the respective meanings given to them in Appendix E.

DTC will act as securities depository for the Certificates. The Certificates will be executed and delivered as fully-registered certificates, will be executed and delivered for each year in which the Certificates mature in denominations equal to the aggregate principal amount of the Certificates maturing in that year, and will be deposited with DTC. So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references in this Official Statement to the owners of the Certificates or the Certificate Owners mean Cede & Co. and not the actual purchasers of the Certificates.

Transfer and Exchange Upon Abandonment of Book-Entry Only System

If the book-entry system is no longer used with respect to the Certificates, any Certificate may, in accordance with its terms, be transferred, upon the books required to be kept by the Trustee under the Trust Agreement, by the person in whose name it is registered, in person or by such person’s duly authorized attorney, upon surrender of such Certificate for cancellation at the principal corporate trust office of the Trustee, accompanied by delivery of a duly executed written instrument of transfer in a form approved by the Trustee. Whenever any Certificate or Certificates are surrendered for transfer, the Trustee will execute and deliver a new Certificate or Certificates of the same maturity, for a like aggregate principal amount and of authorized denomination or denominations. The Trustee may charge a sum for each new Certificate executed and delivered upon any transfer. The Trustee may require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates the Trustee will cancel and destroy the Certificates it has received.

Certificates may be exchanged at the principal corporate trust office of the Trustee, for a like aggregate principal amount of Certificates of other authorized denominations of the same maturity. The Trustee may charge a sum for each new Certificate executed and delivered upon any exchange except in the case of any exchange of temporary Certificates for definitive Certificates. The Trustee may require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of Certificates the Trustee shall cancel and destroy the Certificates it has received.

The Trustee will not be required to register the exchange or transfer of any Certificate (i) within 15 days preceding selection of Certificates for prepayment or (ii) selected for prepayment.

Installment Payments

On or before the second Business Day preceding each Payment Date pursuant to the Trust Agreement (each, an “Installment Payment Date”), the District will pay to the Trustee an amount equal to the Installment Payment coming due on such Installment Payment Date. Any moneys on deposit in the Certificate Payment Fund on each Installment Payment Date (other than amounts required for the payment of past due principal or interest with respect to any Certificates not presented for payment) will be credited to the payment of the Installment Payments due and payable on such date. The Trust Agreement requires that the Trustee deposit such payments in the Certificate Payment Fund for application to make principal and interest payments due with respect to the Certificates.

Set forth below is a table of the annual Installment Payments.

**CRESCENTA VALLEY WATER DISTRICT
Revenue Certificates of Participation
(Water System Improvement Projects), Series 2020
Annual Principal and Interest Schedule***

<u>Maturing September 1</u>	<u>Installment Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
TOTAL	<u>\$[PAR]</u>	<u>\$</u>	<u>\$</u>

* Installment Payment is due two Business Days prior to the respective maturity date.

SECURITY FOR THE CERTIFICATES

Each Certificate represents an undivided interest in Installment Payments to be paid by the District under the Installment Purchase Agreement. Pursuant to the Assignment Agreement, the Corporation has assigned substantially all its right, title and interest in the Installment Purchase Agreement to the Trustee, for the benefit of the Owners of the Certificates, including its right to receive Installment Payments thereunder and its right to exercise all the rights and remedies conferred on the Corporation under the Installment Purchase Agreement.

The obligation of the District to make the Installment Payments is a special obligation of the District payable solely from Net Revenues of the Water System of the District and does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction.

Revenue Pledge

All Revenues and all amounts on deposit in the Revenue Fund are irrevocably pledged to the payment of the Installment Payments as provided in the Installment Purchase Agreement. The Revenues will not be used for any other purpose while any of the Installment Payments remain unpaid; provided that out of the Revenues and amounts on deposit in the Revenue Fund there may be apportioned such sums for such purposes as are expressly permitted in the Installment Purchase Agreement. Such pledge, together with the pledge created by all other Contracts and Bonds (as such terms are defined in Appendix A) constitutes a first lien on Revenues and, subject to application of amounts on deposit therein as permitted in the Installment Purchase Agreement, the Revenue Fund and all amounts on deposit in such funds as permitted in the Installment Purchase Agreement and subject to the application of Revenues in accordance with the terms in accordance with the terms of the Installment Purchase Agreement.

The obligation of the District to make the Installment Payments is payable from Net Revenues. Net Revenues means, for any Fiscal Year, the Revenues from such Fiscal Year less Operations and Maintenance Costs for each Fiscal Year. "Revenues" as defined in the Installment Purchase Agreement means all income, rents, rates, fees, charges and other moneys derived by the District from the ownership or operation of the Water System on or after the date hereof, including, without limiting the generality of the foregoing: (1) all income, rents, rates, fees, charges, business interruption insurance proceeds or other moneys derived by the District from the sale, furnishing and supplying of the water or other services, facilities, and commodities sold, furnished or supplied through the facilities of or in the conduct or operation of the

* Preliminary, subject to change.

business of the Water System; (2) the earnings on and income derived from the investment of such income, rents, rates, fees, charges, or other moneys, including Water System reserves; (3) the proceeds of any development impact capacity fees or any connection fees collected by the District in connection with the Water System; (4) the proceeds of any stand-by or water availability charges collected by the District in connection with the Water System; and (5) deposits to the Revenue Fund from amounts on deposit in the Rate Stabilization Fund in accordance with the Installment Purchase Agreement, but excluding any Revenues transferred from the Revenue Fund to the Rate Stabilization Fund, all amounts reasonably anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code (Section 1531 of Title I of Division B of the American Recovery and Reinvestment Act of 2009 (Pub. L. No. 111-5, 23 Stat. 115 (2009), enacted February 17, 2009)), or any future similar program)), customers' deposits or any other deposits or advances subject to refund until such deposits or advances have become the property of the District and excluding any proceeds of taxes or assessments restricted by law to be used by the District to pay bonds hereafter issued.

No reserve fund has been created with respect to the Certificates.

THE OBLIGATION OF THE DISTRICT TO PAY INSTALLMENT PAYMENTS DOES NOT CONSTITUTE AN OBLIGATION OF THE DISTRICT FOR WHICH THE DISTRICT IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE DISTRICT HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. THE OBLIGATION OF THE DISTRICT TO PAY INSTALLMENT PAYMENTS UNDER THE INSTALLMENT PURCHASE AGREEMENT IS A SPECIAL OBLIGATION OF THE DISTRICT PAYABLE SOLELY FROM NET REVENUES, AND DOES NOT CONSTITUTE A DEBT OR INDEBTEDNESS OF THE DISTRICT, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS IN CONTRAVENTION OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION.

The District operates a wastewater system, but revenues from the wastewater system are not pledged to or available to pay the Installment Payments.

No Debt Service Reserve Fund for the Certificates

No debt service reserve fund has been created with respect to the Certificates.

Rate Covenant

[The District has also covenanted, to the fullest extent permitted by law, to fix, prescribe and collect rates and charges from the Water System which will be at least sufficient to yield during such Fiscal Year Net Revenues equal to [125]% of Maximum Annual Debt Service for such Fiscal Year.]

[The District may make adjustments from time to time in such rates and charges and may make such classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements described in the prior paragraph. See the caption "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES" for a discussion of certain constitutional provisions which may affect the rate setting powers of the District.][**CONFORM TO UPDATES IN BOND DOCUMENTS.**]

Limitations on Parity and Superior Obligations; Subordinate Obligations

Obligations Superior to Installment Payments. The District has covenanted in the Installment Purchase Agreement that the District will not issue evidences of indebtedness or incur other obligations

that are payable from or secured by a pledge of and lien on Revenues, any money in the Revenue Fund or any money in the Rate Stabilization Fund superior to the pledge securing the Installment Payments.

[Obligations on a Parity with the Installment Payments. The District has covenanted in the Installment Purchase Agreement not to execute any Contracts or issue any Bonds, as the case may be, except in accordance with the following provisions:]

(1) The Net Revenues for any twelve-month period within the eighteen months preceding the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds or the date of the execution of such Contract, as the case may be, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall have produced a sum equal to at least [one hundred twenty-five percent (125%)] of the Debt Service for such twelve-month period

(2) The Net Revenues for any twelve-month period within the eighteen months preceding the date of the execution of such Contract or the date of adoption by the Board of Directors of the District of the resolution authorizing the issuance of such Bonds, as the case may be, including adjustments to give effect as of the first day of such twelve-month period to increases or decreases in income, rents, fees, rates and charges for the Water Service approved and in effect as of the date of calculation, as evidenced by both a calculation prepared by the District and a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor on such calculation on file with the District, shall demonstrate a sum equal to at least [one hundred twenty-five percent (125%)] of the Debt Service for such twelve-month period plus the Debt Service which would have accrued on any Contracts executed or Bonds issued since the end of such twelve-month period assuming such Contracts had been executed or Bonds had been issued at the beginning of such twelve-month period plus the Debt Service which would have accrued had such Contract been executed or Bonds been issued at the beginning of such twelve-month period; and

(3) The estimated Net Revenues for the then current Fiscal Year and for each Fiscal Year thereafter to and including the first complete Fiscal Year after the latest Date of operation of any uncompleted Project, as evidenced by a certificate on file with the District, including (after giving effect to the completion of all such uncompleted Projects) an allowance for estimated Net Revenues for each of such Fiscal Years arising from any increase in the income, rents, fees, rates and charges estimated to be fixed and prescribed for the Water Service and which are economically feasible and reasonably considered necessary based on projected operations for such period, as evidenced by a certificate of the Manager on file with the District, shall produce a sum equal to at least [one hundred twenty-five percent (125%)] of the estimated Debt Service for each of such Fiscal Years, after giving effect to the execution of all Contracts and the issuance of all Bonds estimated to be required to be executed or issued to pay the costs of completing all uncompleted Projects within such Fiscal Years, assuming that all such Contracts and Bonds have maturities, interest rates and proportionate principal repayment provisions similar to the Contract last executed or then being executed or the Bonds last issued or then being issued for the purpose of acquiring and constructing any of such uncompleted Projects.

Notwithstanding the foregoing, Bonds issued or Contracts executed to refund Bonds or Contracts may be delivered without satisfying the conditions set forth above if Debt Service in each Fiscal Year after the Fiscal Year in which such Bonds are issued or Contracts executed is not greater than Debt Service would have been in each such Fiscal Year prior to the issuance of such Bonds or execution of such Contracts.

Subordinate Obligations. The District may at any time, or from time to time, issue evidences of indebtedness or incur other obligations for any lawful purpose which are payable from and secured by a pledge of and lien on Revenues or any moneys in the Revenue Fund as may from time to time be deposited therein, provided that such pledge and lien shall be subordinate in all respects to the pledge of and lien thereon provided in accordance with the Installment Purchase Agreement

Rate Stabilization Fund

[Pursuant to the Installment Purchase Agreement, the District may maintain and hold a separate fund to be known as the “Rate Stabilization Fund.” The Rate Stabilization Fund is not pledged to secure the Installment Payments and shall not be pledged to secure the payment of the principal of or interest on any Parity Obligations. From time to time the District may deposit in the Rate Stabilization Fund, from Revenues or other available funds of the District after the payment of Installment Payments and the payment of principal of and interest on Bonds and Contracts, such amounts as the District shall determine; provided deposits for each Fiscal Year may be made during or within 270 days after the end of a Fiscal Year. The District may withdraw amounts from the Rate Stabilization Fund for inclusion in Revenues for any Fiscal Year, such withdrawals to be made during or within 270 days after the end of a Fiscal Year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues.][CONFORM TO UPDATED BOND DOCUMENTS]. See “THE DISTRICT — Reserve Policy” herein.

THE DISTRICT

Organization, Purpose and Powers

The District is situated in the Crescenta Valley area of Los Angeles County in the foothills of the San Gabriel Mountains, approximately 15 miles northeast of downtown Los Angeles. The District was originally established in 1950 to provide water distribution and sewage collection services to the inhabitants of the unincorporated communities of La Crescenta, Montrose and Verdugo City. The District is currently comprised of approximately 4 square miles in relatively steep terrain ranging from 1,200 to 3,000 feet above sea level. In addition to the areas within the District, serves a portion of the City of Glendale and areas of La Crescenta and Montrose outside of the District boundaries. The customer base is primarily residential with some light commercial areas in La Crescenta and Montrose. The District provides water to approximately 8,000 accounts representing a population of approximately 33,000. The areas served by the District are substantially built out and significant growth in customer accounts is not expected by the District.

The District was organized under the provisions of Division 12 of the California Water Code, and operates as a subdivision of the State. The District has broad general powers over the use of water within District boundaries, including the right of eminent domain and the authority to acquire, control, distribute, store, spread, sink, treat, purify, reclaim, process and salvage any water for beneficial use, to provide sewer service, to sell treated or untreated water, to contract with the United States, other political subdivisions, public utilities, and other persons, and, subject to certain constitutional limits, to levy taxes on lands.

In the early 1950's, the newly-formed District purchased the assets and consolidated the infrastructure of several small private water companies then in existence. This was made possible by voter approval of two capital improvement bonds. By 1953, with rapid growth in the Crescenta Valley and surrounding foothill communities, it became apparent that local groundwater supply was not going to be sufficient to meet the increasing water demand. Residents ranging from La Crescenta to Altadena voted to form the Foothill Municipal Water District (“FMWD”) to purchase and distribute imported water from the Metropolitan Water District of Southern California (“MWD”).

By 1955, the District was augmenting its groundwater supply with MWD water from the Colorado River. In the 1970's, MWD began importing Northern California water following completion of State Water Project. This blend of imported water and groundwater, which ranges from 40% to 60% imported water, continues today as the water supply source for District customers.

CVWD pumps groundwater from the Verdugo Basin. The basin is located beneath Crescenta Valley Water District's service area, about 200 feet below the ground's surface. Water production out of the Verdugo basin is highly dependent on replenishment from precipitation, which may take up to three years to fully infiltrate into the basin.

Crescenta Valley Water District's procurement of imported water is contracted through FMWD, which purchases water from MWD. MWD obtains imported water from Northern California, nearly 400 miles away, and from the Colorado River, about 300 miles away from Crescenta Valley Water District's service area.

The District operates a wastewater system, but revenues from the wastewater system are not pledged to or available to pay Installment Payments.

Governance and Management

Board of Directors. The District, owned by the registered voters of the District, is governed by a five member Board of Directors (the “Board”). The Directors are elected by the registered voters of the District and serve four-year terms. The current Directors are:

Judy Tejada (Term Expires December 2020): Ms. Judy Tejada helped form the Crescenta Valley Town Council and was twice elected Councilwoman to that body previous to her election as Director of the Crescenta Valley Water District. She previously served as President of the Crescenta Valley Water District’s Board of Directors. Director Tejada attended University of California, Los Angeles and California State University Northridge, earning a Bachelor of Science in Accounting and a Master of Education in School Administration. Director Tejada advocates water conservation, community out-reach, and responsible, transparent Crescenta Valley Water District's fiscal policies.

Kerry Erickson (Term Expires December 2022): Mr. Kerry Erickson was elected to the Board of Directors in 2009. He previously served as Board President and has served on all the Board committees. Mr. Erickson earned Bachelor of Science in Electrical Engineering from the University of Illinois and a Master in Business Administration from the University of Redlands. He retired from the California Institute of Technology Jet Propulsion Laboratory in 2013 after a career spanning more than 44 years in space exploration. His work encompassed a broad range of engineering and management disciplines in the development and operation of complex and highly technical systems. Responsibilities included personnel supervision, contract management and negotiation with NASA, Department of Defense, universities and private industry.

James Bodnar (Term Expires December 2022): Mr. James Bodnar was elected to the Board of Directors in November 2009. Director Bodnar has over twenty years of experience in water resource management and environmental science and serves as a manager at MWD. He is responsible for the planning and development of MWD’s water transfers, exchanges, and storage programs. Previously, Mr. Bodnar worked for the California Department of Public Health evaluating the health risks associated with groundwater and soil contamination. He was also a research associate at Lawrence Livermore National Laboratory in 1992 and 1993, working on subsurface imaging and environmental remediation. He is a graduate of Stanford University with a Master of Civil Engineering and California State University

Northridge with a Bachelor of Science in Engineering. He is also a licensed professional civil engineer and a certified water treatment and distribution operator.

Ken Putnam (Term Expires December 2022): Mr. Ken Putnam has been a professional civil engineer licensed by the State of California for 47 years. He is retired from the County of Los Angeles Department of Public Works, having served as a Division Head for more than 20 years over several divisions including the Waterworks Division. He subsequently served as City Engineer and Director of Public Works for several cities. He retired in 2020 and has served on the Board since 2010. Director Putnam is a graduate of the University of Arizona with a Bachelor of Science in Civil Engineering.

Sharon Raghavachary (Term Expires December 2020): Ms. Sharon Raghavachary has a background in accounting and computer systems. Director Raghavachary is a founder of the Crescenta Valley Community Association. She served for seven years on the Crescenta Valley Town Council, during which time she was a member of the Foothill Design Committee which wrote design standards for Foothill Boulevard, and a member of Supervisor Antonovich's Library Committee. She has been a volunteer for the Los Angeles County Sheriff's Department and Treasurer of the Crescenta Valley Arts Council, as well as a Girl Scout troop leader for 10 years.

Management. The District is headed by the General Manager, the Director of Finance and Administration, Director of Engineering, Director of Operations, and Finance and Administration Manager:

Nemesciano Ochoa, General Manager. Mr. Nemesciano Ochoa, joined the District in 2018, and has more than 25 years of experience in the water industry. His executive management experience spans over 10 years, serving as Engineering Manager, Assistant General Manager, and General Manager at several water agencies throughout Southern California. In such executive management roles, Mr. Ochoa has been directly responsible for implementing more than \$150 million in water and wastewater infrastructure projects. While working for Metropolitan Water District of Southern California, Mr. Ochoa served as the project manager for that district's 2010 Integrated Water Resources Plan, which establishes the roadmap for future water supply reliability in Southern California. Mr. Ochoa earned a Bachelor of Science in Civil Engineering and a Master of Business Administration from California State Polytechnic University.

James Lee, Director of Finance and Administration. Mr. James Lee joined the District staff in 2017. Prior to joining the District, Mr. Lee served water and wastewater agencies through public finance on both the financial advisory and investment banking sides. He also served agencies with utility rate studies, budget modeling, and organizational development. Mr. Lee is responsible for finance & accounting, customer service, human resources and technology for the District, and he serves as Secretary to the Board. He earned a Bachelor of Arts in Economics-Accounting from Claremont McKenna College and holds a Master of Public Policy from University of Southern California's Price School of Public Policy. He also holds a Distribution License issued by the State Water Resources Control Board.

David Gould, Director of Engineering. Mr. David Gould has over 23 years of expertise as the Director of Engineering for Crescenta Valley Water District. Prior to joining the District, Mr. Gould was with a private civil engineering firm in Orange County, where he was the Project Coordinator for the City of Newport Beach's \$26M groundwater development project. Mr. Gould oversees the planning and activities of the District's Engineering Department including; managing the water supply and distribution system, wastewater system, capital improvements, water quality, and facilities maintenance; preparing and presenting annual capital improvements budget to stakeholders; representing the District activities with local government and agencies and promoting the District through public outreach. He holds a Bachelor of Science in Environmental and Resource Engineering from State University of New York – College of Environmental Science and Forestry and is a registered civil engineer in the State of California. He is a

member of the American Society of Civil Engineers, the American Water Works Association and the Association of California Water Agencies, and a past president of the Southern California Water Utility Association.

Dennis Maxwell, Director of Operations. Mr. Dennis Maxwell joined the District in 2005, where he previously served as Superintendent of Maintenance & Operations, Supervisor and Crew Leader. Prior to joining the District, he worked for the City of Glendale for 11 years in the Public Works Department (Wastewater Division) and in the Public Service Department (Water Division). He is currently directly responsible for 15 staff members who operate and maintain the District's water and wastewater collection systems. Mr. Maxwell holds a Grade 4 Collections certificate issued by the California Water Environment Association as well as a Grade 4 Water Distribution certificate issued by State Water Resources Control Board and a Treatment 2 certificate issued as well from the State Water Resources Control Board.

Arturo Montes, Finance and Administration Manager. Mr. Arturo Montes joined the District in 2018. Prior to joining the District, Mr. Montes worked in the City of Glendora's finance department for seven years and in the private sector for over 10 years. He is involved in planning and developing the District's financial and administrative policies and strategies and is responsible for financial reporting, annual budget process and independent audit oversight. Mr. Montes obtained a Master of Accounting and a Bachelor of Science in Business Administration from California State Polytechnic University.

Budget Process

State law requires that a budget be adopted by the District prior to June 30 for any given year. The District develops an annual budget for all funds. The budget process includes project plan, long-term cost forecasting and annual budget development. After adoption by the Board, the District has authority to expend the appropriations for the given fiscal year. During the fiscal year, budget amendments and adjustments may be made to reflect changes in financial conditions, programs and/or authorizing laws that affect ongoing expenditures. The budget cycle is completed with the review and alignment of staff work plans to be consistent with the resource allocation made in the adopted budget.

The current budget for the fiscal year ending June 30, 2021 was approved by the Board on June 9, 2020. The budget assumes that no rate increases will be implemented, and no use of reserves.

Reserve Policy

On July 28, 2020, the Board approved adopted a reserve policy (the "Reserve Policy") to ensure sufficient funding is available for current operating, capital and debt service needs. In accordance with the Reserve Policy, the District maintains the Water Operating Fund, which consists of (a) an Emergency Fund, maintained at a minimum level of \$1,000,000, to address repairs or other operational needs in the event of an emergency where immediate needs exceed what has been budgeted for infrastructure and operations, (b) a Working Cash Fund, maintained at a minimum level equal to three months of the District's operating costs, less the cost of purchased water as projected for each budget cycle, to be used for current operations and to meet routine cash flow needs, and (c) a Rate Stabilization Fund, maintained at a minimum level of 25% of the projected annual water rate revenue for each budget cycle, to be used to mitigate the impacts of fluctuating water usage by customers and to augment the District's credit profile for debt financings. As of August 1, 2020, approximately \$[2,200,000] was held on deposit in the Rate Stabilization Fund. Pursuant to the Reserve Policy, the Board will review the level of funds and target levels in accordance with the review and approval of each budget cycle.

Insurance

The District insurance coverage for general liability, automobile liability, public official's liability, worker's compensation, cyber liability, property and fidelity is provided through a self-insurance program under the Association of California Water Agencies / Joint Powers Insurance Authority ("JPIA"). The District has been a JPIA member since October 1979. The JPIA provides joint protection coverage for losses in excess of the member districts' individually specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial insurance carriers. The District does not carry earthquake insurance. Insurance levels currently carried by the District are presented below:

<u>Coverage</u>	<u>Amount</u>
Liability, including general liability, auto liability, and public officials' errors and omissions	\$55,000,000
Property, including buildings, fixed equipment and contents (\$2,500 deductible), mobile equipment (\$5,000 deductible) and vehicles (\$1,000 deductible)	\$500,000,000
Employer liability	\$2,000,000
Commercial crime and employee theft (\$1,000 deductible)	\$1,000,000
Cyber liability (deductible varies from \$10,000 to \$50,000, depending on annual revenues)	\$3,000,000

THE WATER SYSTEM OF THE DISTRICT

Water Supply

General. In general, the District pumps approximately 50% of water supplied to customers from the Verdugo Basin (the "Basin") and purchases approximately 50% of water supplied to customers from the Metropolitan Water District of Southern California ("MWD") through the Foothill Municipal Water District ("FMWD"). The amount of groundwater and purchased water varies from year-to-year based on climatic and other conditions.

The following table lists the major facilities of the Water System, all of which are currently operational:

<u>Facility</u>	<u>Number</u>
Wells	12
Pumping Stations	14
Reservoirs	17
Miles of Pipelines	95

Groundwater

On average over the last five years, the District pumps approximately 1,840 acre-feet of groundwater per year from the Basin. The District overlies much of the Basin which consists of a surface area of approximately 4,400 acres of valley-fill deposits and sediments. Along with the San Fernando, Sylmar, and Eagle Rock basins, the Basin comprise the Upper Los Angeles River Area (“ULARA”), which is the watershed and tributaries to the upper Los Angeles River area. The San Fernando Basin is the major groundwater basin in ULARA and underlies 112,045 acres.

The groundwater rights of the District within the San Fernando Basin are defined by the judgment in Superior Court Case No. 650079, entitled *The City of Los Angeles, a Municipal Corporation, Plaintiff, vs. City of San Fernando, et. al., Defendants*. The final judgment was signed on January 26, 1979. The judgment assigned specific water rights to each of the major purveyors in the groundwater basins and physical solutions to various private pumpers who were part of the original adjudication.

The District and the City of Glendale are the only parties that hold the prescriptive rights within the Basin. The total safe-yield for the Basin is 7,150 acre-feet. The District’s annual prescriptive rights in the Basin are 3,294 acre-feet and the City of Glendale’s prescriptive rights are 3,856 acre-feet. In the past ten years, the District has pumped groundwater from the Basin ranging from approximately 1,400 to 3,100 acre-feet per year. The District entered into an agreement in 2016 with the City of Glendale to operate Well 16 and purchase groundwater rights from Glendale, which allows the District to pump above its adjudicated rights when conditions are favorable.

The District has observed a decrease in water levels and available water from the Verdugo Basin over the last five years, mainly attributable to the State-wide drought from 2010–2015. In 2015 and 2016, the District experienced a return to average rainfall levels, the 2018-19 season brought rainfall at 40% above average levels. During that year, the District observed the overall water levels in the basin rise by about 15 feet and groundwater pumped from the basin increased by 20% from the previous year. The District is developing a stormwater capture project at Crescenta Valley County Park, which potentially could increase groundwater availability by 360 acre feet per year. In addition, the District owns three residential properties for the purpose of developing future well sites and continues to consider plans for alternate sources such as recycled, greywater, and rainwater harvesting.

In 2004, the District discovered methyl tert-butyl ether (“MTBE”), a gasoline additive, in near several gas stations along Foothill Boulevard and in its well water. The District shut down two wells after MTBE levels were determined to be more than 10 times the State limit. In 2007, the District filed a lawsuit against several oil companies including ExxonMobil Corporation, Lyondell Chemical Company, ConocoPhillips Company, BP/Arco, Shell Oil Company, Unocal Corporation and Chevron U.S.A. Inc., among others. In 2013, the District settled the MTBE litigation for a total settlement of over \$22 million, which was applied to pay remediation costs and other damages incurred by the District in connection with the MTBE contamination and to pay litigation costs. Remaining funds were applied by the District for certain improvements to the Water System and to supplement the District’s reserves.

Supplemental Water

The District currently purchases supplemental water from the State Water Project (“SWP”) and the Colorado River Aqueduct (“CRA”) through FMWD which in turn purchases SWP and CRA water from MWD. The treated water MWD provides to the District is processed at the Weymouth Plant in the City of La Verne. The water treatment process for CRA SWP water includes flocculation, coagulation, sedimentation, filtration, and chlorination. Delivery of SWP water blended with CRA water began in 1971.

The District does not own or operate any treatment facilities or any pipelines for transmission and distribution of MWD imported water.

MWD faces various challenges in assuring adequate supply and quality of imported water to the District and other member agencies throughout Southern California. A description of these challenges as well as a variety of other operating information are discussed in MWD's 2015 Integrate Water Resources Plan and other reports prepared by MWD. MWD has entered into certain continuing disclosure agreements pursuant to which MWD is contractually obligated for the benefit of owners of certain of its outstanding obligations, to file certain annual reports, notices of certain material events as defined under Rule 15c2-12 of the Exchange Act ("Rule 15c2-12") and annual audited financial statements (the "MWD Information") with certain information repositories (a current listing of such repositories can be found at <http://www.sec.info/municipal/nrmsir.htm>). MWD HAS NOT ENTERED INTO A CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE CERTIFICATES TO PROVIDE INFORMATION TO THE DISTRICT OR THE OWNERS OF THE CERTIFICATES.

To meet regional demands and ensure reliable supplies for Southern California, MWD has been working with state and federal agencies as well as other water contractors to address environmental conflicts and reduce threats to state water supplies in the Sacramento-San Joaquin Bay Delta. In addition, Metropolitan augments water supplies through collaborative water transfer and groundwater banking agreements with other agencies.

SWP reliability has been affected due to the State's inability to complete the SWP as contracted. Despite efforts. The reliability of SWP supply for our region and all Southern California is at risk due to pumping restrictions, challenging environmental conditions in the Sacramento-San Joaquin Delta and an aging water system that was not designed to meet today's challenge

The Department of Water Resources ("DWR") has proposed a plan called "California WaterFix" to modernize the Delta's water delivery systems with three new intakes and a twin tunnel pipeline system to move this supply to the existing aqueducts. MWD purchased water rights to maintain the reliability of existing imported supplies as conservation and new local supplies in Southern California are anticipated to meet all future needs due to population growth.

A description of these challenges as well as a variety of other operating information with respect to DWR is included in certain disclosure documents prepared by DWR. DWR has entered into certain continuing disclosure agreements pursuant to which DWR is contractually obligated for the benefit of owners of certain of their outstanding obligations, to file certain annual reports, notices of certain material events as defined under Rule 15c2-12 of the Exchange Act ("Rule 15c2-12") and annual audited financial statements. DWR HAS NOT ENTERED INTO A CONTRACTUAL COMMITMENT WITH THE DISTRICT, THE TRUSTEE OR THE OWNERS OF THE CERTIFICATES TO PROVIDE STATE WATER PROJECT INFORMATION TO THE DISTRICT OR THE OWNERS OF THE CERTIFICATES.

NONE OF DWR, FMWD OR MWD HAVE REVIEWED THIS OFFICIAL STATEMENT AND NONE HAVE MADE REPRESENTATIONS OR WARRANTIES WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED OR INCORPORATED HEREIN, INCLUDING INFORMATION WITH REGARD TO DWR, THE SWP, MWD OR FMWD. NONE OF DWR, FMWD OR MWD ARE CONTRACTUALLY OBLIGATED, AND NONE HAVE UNDERTAKEN, TO UPDATE SUCH INFORMATION FOR THE BENEFIT OF THE DISTRICT OR THE OWNERS OF THE CERTIFICATES UNDER RULE 15c2-12.

The Water System

General. The District was formed in 1950 by a vote of the residents in the District. The District initially purchased the assets of several small provider water companies. The District has over time expanded such facilities to serve substantially all residential and commercial users within the boundaries of the District.

Historic Water Production, Accounts and Sales Revenues. The following table shows the water production of the District for the five most recent fiscal years:

CRESCENTA VALLEY WATER DISTRICT Historic Water Production (In acre-feet per year)

<i>Fiscal Year</i>	<i>Groundwater</i>	<i>% Increase/ (Decrease)</i>	<i>FMWD</i>	<i>% Increase/ (Decrease)</i>	<i>Total</i>
2016	1,970	-2.91%	1,717	0.13%	3,687
2017 ⁽¹⁾	1,679	-14.75%	2,175	26.66%	3,854
2018	1,721	2.46%	2,241	3.03%	3,961
2019	1,875	8.97%	1,899	-15.26%	3,774
2020	2,039	8.76%	1,950	2.68%	3,989

⁽¹⁾ Production of groundwater decreased in response to then-ongoing drought, which resulted in below average rainfall for a period of five consecutive years.

Source: District.

The following table shows historic water accounts of the District for the five most recent fiscal years:

CRESCENTA VALLEY WATER DISTRICT Historic Water Accounts *

<i>Fiscal Year</i>	<i>Residential and Commercial</i>	<i>% Increase/ (Decrease)</i>
2016	8,000	0.04%
2017	8,009	0.11%
2018	8,003	-0.07%
2019	8,030	0.34%
2020	8,041	0.14%

* Does not include fire service accounts. Actual amounts vary throughout the year due to accounts becoming inactive.

Source: District.

The following table shows historic sales revenues of the Water System of the District for the five most recent fiscal years:

CRESCENTA VALLEY WATER DISTRICT
Historic Sales Revenues*

<i>Fiscal Year</i>	<i>Residential</i>	<i>Commercial</i>	<i>Residential and Commercial</i>	<i>% Increase/ (Decrease)</i>
2015	\$7,184,162	\$1,032,883	\$8,217,045	-6.18%
2016	6,774,049	917,616	7,691,665	-6.39
2017	7,650,736	1,135,135	8,785,871	+14.23
2018	8,744,988	1,411,792	10,156,780	+15.60
2019	8,636,533	1,405,947	10,042,480	-1.13

* Historic water sales revenues reflect year-to-year changes in climatic conditions and implementation of rate increases.

Source: District.

Largest Customers

The following table sets forth the ten largest customers of the Water System of the District as of June 30, 2019, as determined by the amount of their respective annual bills.

CRESCENTA VALLEY WATER DISTRICT
Largest Customers—Fiscal Year Ended June 30, 2019

<i>Customer</i>	<i>Annual Billed Amounts</i>	<i>% of Total*</i>
Caltrans	\$295,481	2.33%
Glendale Unified School District	118,926	1.06
Los Angeles County Parks and Recreation Department	94,372	0.84
Hillside Village Apartments	43,876	0.39
Glen Valley HOA	37,100	0.33
Blain Anderson	35,373	0.32
3220 Altura HOA	33,839	0.20
EC Opco Mountainview LP	31,127	0.28
Americana La Crescenta Apartments	29,995	0.27
Verdugo Valley Convalescent Hospital	<u>29,885</u>	<u>0.27</u>
TOP TEN TOTAL	\$749,974	6.68%
 TOTAL SYSTEM	 \$11,219,277*	 100.00%

* Sales to customers.

Source: District.

Water System Rates and Charges

General. The District Board has rate setting authority as provided under the Act. The District is not subject to the jurisdiction of, or regulation by, the California Public Utilities Commission. See the caption “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES” for certain limitations of the rate setting authority of the District Board.

The District annually determines the adequacy of the Water System rate structure after full consideration of expected operations, maintenance and capital costs. Historically, the District has increased water rates by 5.7% in the fiscal year June 30, 2016, 6.5% in the fiscal year June 30, 2017, 7.2% in the fiscal year June 30, 2018, 5.5% in the fiscal year June 30, 2019 and 7.0% in the fiscal year June 30, 2020. The historic increases in water rates are listed below.

		Prior Structure (Rate/HCF)	New Structure (Rate/HCF)			
		2016	2017	2018	2019	2020
Unit Rate	Unit Rate					
Tier 1 (1-10 HCF)	Tier 1 (1-10 HCF)	\$4.61	\$4.39	\$4.58	\$4.83	\$5.17
Tier 2 (11-25 HCF)	Tier 2 (11-26 HCF)	5.96	6.91	7.21	7.61	8.14
Tier 3 (26-37 HCF)	Tier 3 (27+ HCF)	8.5	10.43	10.89	11.49	12.29
Tier 4 (38+ HCF)		11.39				
Commercial	Commercial					
Base Rate	Base Rate	5.96	6.22	6.49	6.85	7.33
Irrigation	Irrigation					
Tier 1 (1-70 HCF)	Tier 1 (1-80 HCF)	5.96	4.8	5.01	5.29	5.66
Tier 2 (70+ HCF)	Tier 2 (80+ HCF)	11.39	9.2	9.6	10.13	10.89
Service Charge (Size of Service Meter)	Service Charge (Size of Service Meter)					
3/4"	3/4"	38.24	41.06	48.32	50.56	54.1
1"	1"	46.96	61.25	71.88	75.41	80.69
1 1/2"	1 1/2"	68.56	111.73	130.79	137.56	147.19
2"	2"	86.72	172.32	201.5	212.16	227.01
3"	3"	94.56	364.16	425.37	448.34	479.72
4"	4"	242.94	646.87	755.3	796.42	852.17

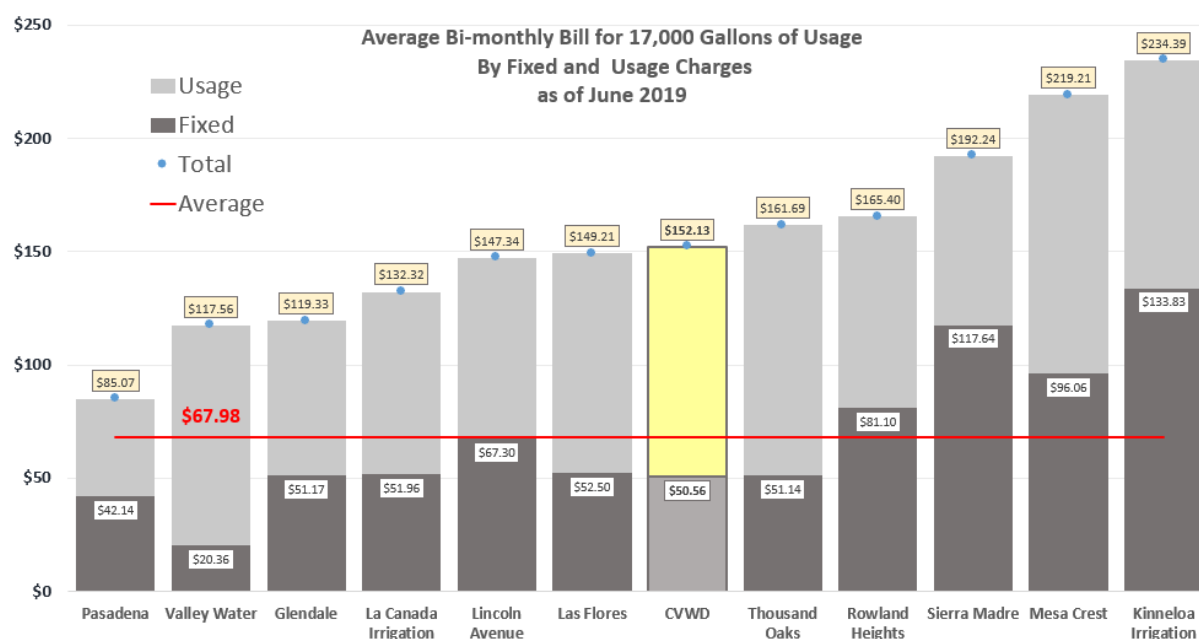
Source: District.

The District staff currently projects raising retail and commercial rates by approximately 5% to 6% per year, consistent with prior practice. There can be no assurance the District Board of Directors will approve the rate increases currently projected by District staff.

In 2020, the District established a rate stabilization fund and adopted an associated reserve policy. See "THE DISTRICT – Reserve Policy" herein.

Collection Procedures. Billings for water services provided are collected on a bi-monthly basis. Write-offs for monthly water service occur twice a year. In December 2019, write-offs were approximately \$2,800 while in June 2020, write-offs were approximately \$1,350. The District has historically experienced an average delinquency rate of less than 0.5%. Since March 2020, the District is experiencing an increased delinquency rate of approximately 1.0%, which the District attributes to the ongoing COVID-19 pandemic and related economic downturn. The District's collection and disconnection policies are in compliance with applicable laws.

Comparative Monthly Water Service Charges. The following chart illustrates the average bi-monthly bill of the District’s residential customers for 17,000 gallons by fixed and usage charges compared to those of other local cities and agencies as of June 1, 2019.



Source: District.

Future Water System Improvements

The District currently expects to undertake approximately \$17,700,000 of improvements to the Water System over the next five-year period, approximately \$5,000,000 of which improvements will be funded with the proceeds of the Certificates. The remaining costs of improvements to the Water System are expected to be funded from Net Revenues remaining after payment of Installment Payments or future borrowings.

Outstanding Water System Indebtedness

Upon the delivery of the Certificates, the District will not have any outstanding indebtedness other than the Installment Purchase Agreement and GWP Infrastructure Loan (as described below).

In September 2014, the District borrowed \$1,091,590 from City of Glendale Water and Power (the “GWP Infrastructure Loan”). Proceeds of the GWP Infrastructure Loan were applied to finance construction costs related to the Rockhaven (Well #16) project. The GWP Infrastructure Loan matures on March 1, 2041 and bears interest at an average rate of 3.34% per annum, with monthly payments of principal and interest averaging approximately \$4,250. At maturity, the GWP Infrastructure Loan is scheduled to have an outstanding principal balance of \$547,920.50, at which point the District plans to enter into a new loan agreement for the repayment of the remaining amount. The District’s obligation to repay the GWP Infrastructure Loan is subordinate to its obligation to make Installment Payments with respect to the Certificates.

Water System Financial Information

Copies of the most recent audited financial statements of the District prepared by Clifton Lassen Allen LLP, (the “Auditor”) are attached as Appendix B hereto (the “Financial Statements”). The Auditor letter concludes that the financial statements present fairly, in all material respects, the financial position of the District as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the year then ended in conformity with auditing principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller’s Office and State regulations governing special districts.

Historic Operating Results and Debt Service Coverage

The following table is a summary of operating results of the Water System of the District for the last five fiscal years. These results have been derived from the financial statements of the District but exclude certain non-cash items and include certain other adjustments. The table has not been audited by the Auditor.

CRESCENTA VALLEY WATER DISTRICT Historic Operating Results Fiscal Year Ending June 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Revenues:					
Consumption sales	\$6,388,564	\$5,742,445	\$6,540,242	\$7,519,558	\$7,262,227
Service charge	1,828,481	1,949,220	2,245,629	2,637,222	2,780,253
Other charges	548,296	440,556	772,050	1,180,936	891,420
Investment earnings	167,756	640,476	(108,950)	53,647	826,378
Rental income	22,200	21,263	24,113	25,200	27,900
Total revenues	<u>\$8,955,297</u>	<u>\$8,793,960</u>	<u>\$9,473,084</u>	<u>\$11,416,563</u>	<u>\$11,788,178</u>
Operating and Maintenance Expenses:					
Source of supply	\$2,741,033	\$2,503,627	\$3,149,245	\$3,404,291	\$3,262,503
Plant operations	2,031,545	1,741,066	1,941,082	1,962,667	2,141,652
Distribution system	1,239,463	1,275,372	1,127,201	1,071,502	1,107,293
General and administrative expenses	2,675,531	2,611,625	2,791,232	2,913,308	3,213,062
Total expenses	<u>\$8,687,572</u>	<u>\$8,131,690</u>	<u>\$9,008,760</u>	<u>\$9,351,768</u>	<u>\$9,724,510</u>
Net Revenues	<u>\$267,725</u>	<u>\$662,270</u>	<u>\$464,324</u>	<u>\$2,064,795</u>	<u>\$2,063,668</u>
Rate Stabilization Fund	<u>1,597,141</u>	<u>1,435,611</u>	<u>1,635,061</u>	<u>1,879,890</u>	<u>1,815,557</u>
Net Income Available For Debt Service	<u>1,864,866</u>	<u>2,097,881</u>	<u>2,099,385</u>	<u>3,944,685</u>	<u>3,879,225</u>
 [Installment Payments Debt Service Coverage] ⁽¹⁾	 \$613,238 3.041%	 \$613,238 3.421%	 \$614,038 3.419%	 \$557,695 7.203%	 \$538,521 7.203%

⁽¹⁾ [Excludes amounts in the Rate Stabilization Fund.]
Source: District.

Projected Operating Results and Debt Service Coverage

The estimated projected operating results for the Water System of the District for the current and next four fiscal years are set forth below, reflecting certain significant assumptions concerning future events and circumstances. The financial forecast represents the estimate of projected financial results of the District based upon its judgment of the most probable occurrence of certain important future events. The assumptions set forth in the footnotes to the chart below are material in the development of the financial projections of the District, and variations in the assumptions may produce substantially different financial results. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material.

CRESCENTA VALLEY WATER DISTRICT Projected Net Revenues & Debt Service Coverage Fiscal Year Ending June 30

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Revenues¹:					
Consumption sales	\$8,239,277	\$8,495,273	\$9,015,638	\$9,568,666	\$10,156,461
Service charge	2,980,000	3,007,688	3,204,841	3,414,919	3,638,767
Other charges	1,075,041	727,903	760,766	796,075	834,011
Investment earnings	370,200	376,125	382,403	388,838	395,434
Rental income	32,000	58,280	60,028	61,829	63,684
Total revenues	\$12,696,518	\$12,665,269	\$13,423,676	\$14,230,327	\$15,088,357
Operating and Maintenance Expenses:					
Source of supply	\$3,293,000	\$3,247,722	\$3,421,284	\$3,795,042	\$4,225,433
Plant operations	1,756,111	1,874,230	1,920,074	1,967,051	2,015,192
Distribution system	1,170,741	1,249,487	1,280,049	1,311,368	1,343,461
General and administrative expenses	3,291,713	3,142,453	3,127,631	3,208,950	3,292,382
Total expenses	\$9,511,565	\$9,513,892	\$9,749,038	\$10,282,411	\$10,876,468
Net Revenues	\$3,184,953	\$3,151,377	\$3,674,638	\$3,947,916	\$4,211,889
Rate Stabilization Fund	2,059,819	2,123,818	2,253,910	2,392,167	2,539,115
Net Income Available For Debt Service	\$5,244,772	\$5,275,195	\$5,928,548	\$6,340,083	\$6,751,004
Installment Payments	\$538,521	\$632,810	\$632,810	\$632,810	\$632,810
 [Debt Service Coverage] ²	 9.739%	 8.336%	 9.369%	 10.019%	 10.668%

¹ Assumption of a []% average annual rate increase going forward based on a 6.4% average annual rate increase over the last 5 years.

² [Excludes amounts in the Rate Stabilization Fund.]

Source: District

Defined Benefit Pension Plan

The District contributes to the California Public Employees Retirement System (“CalPERS”), a multiple-employer, public employee defined benefit pension plan, which acts as a common investment and administrative agent for participating public entities within the State. The District’s membership is reported as miscellaneous members. CalPERS issues separate annual actuarial valuation reports for the District’s retirement plan. Copies of the District’s actuarial valuations are available on CalPERS website, <https://www.calpers.ca.gov/>.

All District personal are eligible to participate in CalPERS, becoming vested after five years of service. Employees who retire at or after age 50 with five years of credited service as entitled to retirement benefits. For employees hired on or before December 31, 2012 (referred to “classic” employees), the benefits are calculated at the highest consecutive 12 months. For employees hired on or after January 1, 2013 (referred to as “PEPRA” employees), final compensation is the average annual pensionable compensation for a 36-consecutive-month period. The benefit calculation for members is the product of the benefit factor (based on age), years of service, and final compensation. The provisions and benefits for each tier in effect as of June 20, 2019 are summarized as follows:

	Miscellaneous Plan	
	<u>Classica</u>	<u>PEPRA</u>
Hire Date	On or before December 31, 2012	On or after January 1, 2013
Benefit Formula	2.0% at 55	2.0% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payment	Monthly for life	Monthly for life
Retirement Age	50-55	52-67
Required Employee Contribution Rate	7.000%	6.250%
Required Employer Contribution Rate	9.409%	6.842%
Number of Active Employees as of 6/30/2019	21	9

Source: District.

Participants are required to contribute a percentage of their annual covered salary. The District has historically been obligated pursuant to collective bargaining arrangements to pay the required employee contribution to CalPERS. The District is required to contribute the remaining amount necessary to fund the benefits for its members using the actuarial basis recommended by the CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration, which may be amended by CalPERS.

CalPERS uses a modification of the entry age normal actuarial cost method, which is a projected benefit cost method. As such, it takes into account those benefits that are expected to be earned in the future as well as those already accrued. The District’s contribution to CalPERS for the fiscal years ended June 30, 2019, 2018 and 2017, were \$439,614, \$366,979 and \$380,399, , respectively, and are estimated to be \$429,500 in the fiscal year ended June 30, 2020 (including, in each case, both the required employee contribution and the required employer contribution).

The following table displays a short history of the actuarial accrued liability, share of the pool’s market value of assets, share of the pool’s unfunded liability, funded ratio, annual covered payroll and unfunded liability as a percentage of payroll.

SCHEDULE OF FUNDING PROGRESS

<i>Valuation Date June 30</i>	<i>Accrued Liability⁽¹⁾ (a)</i>	<i>Market Value of Assets (b)</i>	<i>Unfunded Liability (a-b)</i>	<i>Funded Status (Market Value) (b/a)</i>	<i>Annual Covered Payroll (c)</i>	<i>Unfunded Liability as a Percentage of Payroll ((a-b)/c)</i>
2014	\$14,054,569	\$11,939,293	\$2,115,276	85.0%	\$2,495,955	84.75%
2015	14,249,282	11,471,958	2,777,324	80.5	2,463,264	112.75
2016	15,192,495	11,360,825	3,831,670	74.8	2,250,237	170.28
2017	16,458,831	12,648,329	3,810,502	76.8	2,161,610	176.28
2018	17,920,752	13,439,448	4,481,304	75.0	2,351,252	190.59

⁽¹⁾ The discount rate was decreased to 7.00% in 2018 over 3 years, from 7.5% in 2015 and earlier.
Source: CalPERS Actuarial Reports for June 30, 2014 through June 30, 2018.

The table below shows projected employer contributions (before cost sharing) for the fiscal years ending June 30, 2021 through June 30, 2026.

PROJECTED FUTURE EMPLOYER CONTRIBUTION RATES⁽¹⁾

	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Normal Cost %	11.031%	11.0%	11.0%	11.0%	11.0%	11.0%
Unfunded Accrued Liability Payment	\$297,589	\$346,000	\$384,000	\$409,000	\$434,000	\$446,000

⁽¹⁾ Assumes a 7% rate of return for the fiscal year ended June 30, 2019.
Source: CalPERS Actuarial Report for June 30, 2018.

The actuarial studies referenced above incorporate recent changes in actuarial methods and assumptions. In CalPERS' June 30, 2018 actuarial valuation, CalPERS used a new actuarial method for the calculation of the projected contribution rates. CalPERS states that "projected results reflect the adopted changes to the discount rate... The projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period." The District cannot project accuracy of the projections above or to what extent the contribution requirements of the District will increase in future years.

Postretirement Benefits

The District provides postretirement health care benefits, in accordance with the State statute, to all employees who retire from the District on or after attaining age 55 with at least 10 consecutive years of service. As of June 30, 2019, seventeen retirees met those eligibility requirements. Employees hired on or after June 1, 2019 are not eligible for postretirement health care benefits.

The District pays the full cost to continue coverage for the qualified retiree and eligible dependents. Expenditures for post-retirement health care benefits are recognized as health care premiums paid. Total postretirement benefits expenditures for the years ending June 30, 2019 and 2018 totaled \$503,075 and \$242,284, respectively.

During 2018, the District adopted new accounting guidance Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions, to account for and report the outstanding obligations and commitments related to such post-

employment benefits in essentially the same manner as for pensions. While the District has not yet engaged a consultant to calculate the District's post-employment benefits funding status, the District does not expect that any increased funding of post-employment benefits will have a material adverse effect on the ability of the District to make payments under the Installment Purchase Agreement.

INVESTMENT CONSIDERATIONS

The following factors, along with other information in this Official Statement, should be considered by potential investors in evaluating the risks in the purchase of the Certificates. The investment considerations included in this section are not exhaustive and other events or factors could materially adversely affect the District's operations and financial condition.

Rate Covenant Not a Guarantee

The Certificates are payable from Net Revenues of the Water System of the District. See "SECURITY FOR THE CERTIFICATES." The District's ability to pay debt service with respect to the Certificates depends on its ability to generate Net Revenues at the levels required by the Installment Purchase Agreement. Although the District has covenanted in the Installment Purchase Agreement to impose rates and charges as more particularly described under the caption "—Rate Covenant" under "SECURITY FOR THE CERTIFICATES," and expects that sufficient Net Revenues will be generated through the imposition and collection of such rates and charges, there is no assurance that the imposition and collection of such rates and charges will result in the generation of Net Revenues in the amounts required by the Installment Purchase Agreement. No assurance can be made that revenues of the Water System of the District, estimated or otherwise, will be realized by the District in amounts sufficient to pay debt service on the Certificates. Among other matters, the availability of and demand for water, and changes in law and government regulations could adversely affect the amount of revenues realized by the District.

Water System of the District Expenses

There can be no assurance that maintenance and operation costs will be consistent with the levels described in this Official Statement. Changes in technology, increases in the cost of water or other expenses would reduce Net Revenues, and could require substantial increases in rates or charges in order to comply with the rate covenant. In addition, various ongoing factors and new developments with respect to SWP and MWD facilities and operations could have a material impact on the District's imported water sources.

Statutory and Regulatory Compliance

Laws and regulations governing the treatment and delivery of water and the recharge of groundwater basins are enacted and promulgated by federal, State and local government agencies. Compliance with these laws and regulations is and will continue to be costly, and, as more stringent standards are developed, such costs will likely increase.

The District is unaware of any claim against the District for failure to comply with applicable laws and regulations. However, if such a claim were to be filed and be successful, such claim may be payable from assets of the District or from other legally available sources. In addition to claims by private parties, changes in the scope and standards for public agency water systems such as that operated by the District may also lead to administrative orders issued by federal or State regulators. Future compliance with such orders can also impose substantial additional costs on the District. No assurance can be given

that the cost of compliance with such laws, regulations and orders would not adversely affect the ability of the District to generate Net Revenues sufficient to pay debt service with respect to the Certificates.

Limitations on Revenues

The ability of the District to generate Net Revenues sufficient to pay principal of and interest on the Certificates may be adversely affected by actions and events outside of the control of the District and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or persons obligated to pay assessments, fees and charges. See “CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES.” Furthermore, the remedies available to the owners of the Certificates upon the occurrence of an event of default under the Installment Purchase Agreement are in many respects dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the District may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors’ rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

No Obligation to Tax

The obligation of the District to pay debt service with respect to the Certificates, does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation or for which the District has levied or pledged any form of taxation. The obligation of the District to pay debt service with respect to the Certificates, does not constitute a debt or indebtedness of any agency, the State of California or any of its political subdivisions, in contravention of any constitutional or statutory debt limitation or restriction.

Change in Law

In addition to the other limitations described herein, the California electorate or legislature could adopt a constitutional or legislative property tax decrease or an initiative with the effect of reducing revenues payable to or collected by the District. There is no assurance that the California electorate or legislature will not at some future time approve additional limitations that could reduce the revenues and adversely affect the security of the Certificates.

Risks Related to Water System of the District Facilities and Operation

The operation of the Water System, and the physical condition of the Water System, are subject to a number of risk factors that could adversely affect the reliability of the District to provide water service or increase the operating expenses of the Water System. Prolonged damage to the Water System of the District facilities could interrupt the ability of the District to realize Net Revenues sufficient to pay principal of and interest on the Certificates or require the District to increase expenditures for repairs

significantly enough to adversely impact the District's ability to pay the principal of or interest on the Certificates. These factors could include, among others, the following:

Flooding and Other Natural and Man-Made Disasters. Flooding and other natural disasters, including without limitation flooding, seismic events, landslides, and fire, or man-made disasters or accidents could interrupt operation of the Water System, result in liability claims against the District, or otherwise adversely impact the Water System's ability to provide services or collect revenues. See “—Potential Impact of Climate Change.”

The area encompassed by the District as well as areas from where MWD provide water to the District, like that in much of California, may be subject to unpredictable seismic activity. The District and such MWD facilities are located within a regional network of several active and potentially active faults. If there were to be an occurrence of severe seismic activity in the District or affecting such facilities, there could be an impact on the ability of residents to pay rates and charges for water service, diminishing Net Revenues, which could have an adverse effect on the District's ability to pay the principal of and interest on the Certificates.

Labor Actions. The District has historically maintained a positive relationship with its employees. Nonetheless, a work stoppage or other labor action could limit the District's ability to operate the Water System facilities and adversely impact Water System Revenues.

Casualty Losses. The District's risk management program includes both self-insured and insured coverages; however, the program does not provide coverage for every conceivable risk of loss. Damage attributable to seismic events and flooding are excluded from the District's insurance coverage. See the caption “THE DISTRICT—Insurance.” The District is not required to either insure against or self-insure against every potential risk of loss, and there is a risk that damage or destruction of property and equipment comprising the Water System could occur for which no insurance or self-insurance funds will be available. There can be no assurance that insurance providers will pay claims under any policies promptly, or at all, should a claim be made under such policies in connection with property loss or damage. It is possible that an insurance provider will refuse to pay a claim, especially if it is substantial, and force the District to sue to collect on or settle the insurance claim. Further, there can be no assurances that any insurance proceeds will be sufficient to rebuild or replace any damaged property.

Safety and Security. The occurrence of military conflicts and terrorist activities may adversely impact the operations of the Water System or the finances of the District. The District continually plans and prepares for emergency situations and immediately responds to ensure services are maintained. However, there can be no assurance that any existing or additional safety and security measures will prove adequate in the event that military conflicts or terrorist activities are directed against the Water System or that costs of security measures will not be greater than presently anticipated.

Cybersecurity

As a recipient and provider of personal, private and sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computers and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the District's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The District has not experienced an attack on its computer operating systems within the last five years which resulted in a breach of its cybersecurity systems. Additionally, the District carries cybersecurity insurance. The District has outsourced its information technology management and related support services to Highroad Information Technology.

However, no assurances can be given that the District's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the District.

Potential Impact of Climate Change

Climate change is an important issue facing water resources planning. Therefore, the District considers climate change risks and vulnerabilities in its long-term water supply planning for future water supply reliability. There is scientific consensus that increasing concentrations of greenhouse gases have caused and will continue to cause increases in global temperatures, which will result in a wide range of changes in climate patterns (i.e. climate change). Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, climate change could result in various types of impacts on the District's Water System, including among others, changes in the quantity, timing, intensity, and annual variability of precipitation, increased incidences and intensity of wildfires that could degrade water quality, sea level rise and riverine flooding, increased storm intensity and flooding, and increased temperatures. The foregoing is not an exhaustive list of the potential impact of climate change on the District's operations. Such changes, among others, could affect the Water System's water source reliability as well as water utility assets.

The effect of sea level rise on water utility assets has been, and continues to be, evaluated. The District's delivery of drinking water is dependent on imported water that is delivered through the San Francisco Bay Delta, which is vulnerable to sea level rise and storm surges. However, the District does not currently believe that the potential for sea level rise will have a material adverse effect on the District's ability to pay debt service on the Certificates.

Economic, Political, Social and Environmental Conditions

Changes in economic political, social, or environmental conditions on a local, state, federal, and/or international level may adversely affect investment risk generally. Such conditional changes may include (but are not limited to) fluctuations in business production, consumer prices, or financial markets, unemployment rates, availability of skilled labor, technological advancements, shortages or surpluses in natural resources or energy supplies, changes in law, social unrest, fluctuations in the crime rate, political conflict, acts of war or terrorism, environmental damage, and natural disasters.

Loss of Tax Exemption/Risk of Tax Audit of Municipal Issuers

As discussed under "TAX MATTERS," interest on the Certificates could fail to be excluded from the gross income of the owners thereof for purposes of federal income taxation retroactive to the date of the issuance of the Certificates as a result of future acts or omissions of the District in violation of its covenants to comply with requirements of the Internal Revenue Code of 1986, as amended. Should such an event of taxability occur, the Certificates are not subject to redemption or any increase in interest rate as a result of such event of taxability.

The IRS has initiated an expanded program for the auditing of tax-exempt securities issues, including both random and targeted audits. It is possible that the Certificates could be selected for audit by the IRS. It is also possible that the market value of the Certificates might be affected as a result of such an audit of the Certificates (or by an audit of similar securities).

Change in Tax Law

As discussed under “TAX MATTERS,” current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Certificates to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest.

Failure to Maintain Credit Ratings

Certain rating agencies have assigned ratings to the Certificates. The ratings issued reflect only the views of such rating agencies. Any explanation of the significance of these ratings should be obtained from the respective rating agencies. See “RATINGS.” There is no assurance current ratings will continue for any given period or that such ratings will not be revised downward or withdrawn entirely by the rating agencies if, in the respective judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings could be expected to have an adverse effect on the market price or the marketing of the Certificates. The District undertakes no obligation to maintain its current credit ratings on the Certificates or to oppose any such downward revision, suspension or withdrawal.

Secondary Market

There can be no guarantee that there will be a secondary market for the Certificates or, if a secondary market exists, that the Certificates can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different from the original purchase price.

Parity Debt

As described in “SECURITY FOR THE CERTIFICATES – Limitations on Parity and Superior Obligations; Subordinate Obligations” above, if certain conditions are met, the Trust Agreement permits the District to incur obligations which would be payable on parity with the Certificates. In the event of a decline in Net Revenues, the existence of the parity obligations could adversely affect the District’s ability to make Installment Payments with respect to the Certificates.

COVID-19 Outbreak

The spread of the novel strain of coronavirus called COVID-19 (“COVID-19”) is having significant negative impacts throughout the world, including in the District’s service area. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, numerous counties throughout the State, including Los Angeles County. The purpose behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been a number of confirmed cases of, and deaths from, COVID-19 in the State, including the County, and health officials are expecting the number of confirmed cases to grow. The outbreak has resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools (including schools in the County). The U.S. is restricting

certain non-U.S. citizens and permanent residents from entering the country. In addition, stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

On March 16, 2020, Los Angeles County issued an order that appeared, in effect, to be a shelter-in-place requirement causing many businesses to cease operations, and the County has issued revised orders providing guidance for residents and businesses. On March 19, 2020, the State Governor issued an executive order providing, among other items, that all individuals living in the State stay home or at their place of residence except as needed to maintain continuity of operations of certain critical infrastructure sectors. The State Public Health Officer has provided guidance for certain sectors, businesses and activities in Stage 3 of the California Pandemic Resilience Roadmap to conditionally reopen no earlier than June 12, 2020. The County of Los Angeles issued an order on July 1, 2020 which provided guidance that progressively designated sectors, businesses, establishments, or activities that may reopen with certain modifications, based on health and safety needs and at a pace designed to protect health and safety, and that may also progressively close specific activities and business sectors based on increases in daily reported COVID-19 cases, hospitalizations, and the testing positivity rates.

Potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, disruption of the regional and local economy with corresponding decreases in the District's revenues. Since the beginning of the regional impact of the pandemic in March 2020, the District has experienced an approximately 10% increase in water usage, primarily from residential accounts, and an increase in delinquent payments (to approximately 1% of total bills).

The COVID-19 outbreak is currently ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic impact and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the District's operations and finances is currently unknown. To date, the District does not believe that the impacts of the spread of COVID-19 will have a material adverse effect on its ability to make payments from Net Revenues.

Uncertainties of Projections, Forecasts and Assumptions

Certain information contained in this Official Statement is based upon assumptions and projections. Projections and assumptions are inherently subject to significant uncertainties. Inevitably, some assumptions will not be realized and unanticipated events and circumstances may occur and actual results are likely to differ, perhaps materially, from those projected. Accordingly, such projections are not necessarily indicative of future performance, and the District assumes no responsibility for the accuracy of such projections. See the caption "INTRODUCTION — Forward-Looking Statements."

CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES

Article XIII B

An initiative constitutional amendment entitled Limitations on Government Appropriations was approved by California voters on November 6, 1979. Under the amendment which added Article XIII B to the California Constitution ("Article XIII B"), State and local government agencies are subject to an annual limitation on certain appropriations. Appropriations subject to limitation consist of "tax revenues," State subventions and certain other funds (together herein referred to as "proceeds of taxes"). Article XIII B does not affect the appropriation of money excluded from the definition of "appropriations subject to limitation," such as debt service on indebtedness existing or authorized before January 1, 1979 or subsequently authorized by the voters and appropriations mandated by any court having proper jurisdiction. Article XIII B also excludes from limitation the appropriation of proceeds from regulatory

licenses, user charges or other fees to the extent such proceeds equal “the costs reasonably borne by such entity in providing the regulations, product or service.”

In general terms, Article XIII B provides that the appropriations limit will be based on certain 1978-79 expenditures and will be adjusted annually to reflect changes in cost of living, population and transfer of financial responsibility of providing services from one governmental unit to another. Article XIII B also provides that if an agency’s revenues in any year exceed the amount which is appropriated by such agency in compliance with the provisions of Article XIII B, the excess must be returned during the next two fiscal years by revising tax rates or fee schedules. The District’s revenues do not exceed any applicable appropriations limit.

Proposition 218

General. An initiative measure entitled the “Right to Vote on Taxes Act” (the “Initiative”) was approved by the voters of the State of California at the November 5, 1996 general election. The Initiative added Article XIII C and Article XIII D to the California Constitution. According to the “Title and Summary” of the Initiative prepared by the California Attorney General, the Initiative limits “the authority of local governments to impose taxes and property-related assessments, fees and charges.”

Article XIII D. Article XIII D defines the terms “fee” and “charge” to mean “any levy other than an *ad valorem* tax, a special tax or an assessment, imposed by an agency upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property-related service.” A “property-related service” is defined as “a public service having a direct relationship to property ownership.” Article XIII D further provides that reliance by an agency on any parcel map (including an assessor’s parcel map) may be considered a significant factor in determining whether a fee or charge is imposed as an incident of property ownership.

Article XIII D requires that any agency imposing or increasing any property-related fee or charge must provide written notice thereof to the record owner of each identified parcel upon which such fee or charge is to be imposed. The agency must then conduct a public hearing on the proposed fee or charge not less than 45 days from the notice. At the hearing, the agency must consider any protests from anticipated payers, and the proposed fee or charge may not be imposed or increased if written protests against it are filed by a majority of owners of the identified parcels. As a result, if and to the extent that a fee or charge imposed by a local government for water or wastewater service is ultimately determined to be a “fee” or “charge” as defined in Article XIII D, the local government’s ability to increase such fee or charge may be limited by a majority protest. Within 45 days of the public hearing, the agency must also hold an election and may not impose a new fee or charge, or increase an existing fee or charge, unless it is approved by a majority of the property owners subject to the fee or charge, or at the option of the agency, two-thirds vote of the electorate in the affected area. Under Article XIII D, however, majority approval by the property owners and the election requirement do not apply to fees or charges for sewer, water or refuse-collection services.

In addition, Article XIII D includes a number of limitations applicable to existing fees and charges including provisions to the effect that: (i) revenues derived from the fee or charge shall not exceed the funds required to provide the property-related service; (ii) such revenues shall not be used for any purpose other than that for which the fee or charge was imposed; (iii) the amount of a fee or charge imposed upon any parcel or person as an incident of property ownership shall not exceed the proportional cost of the service attributable to the parcel and (iv) no such fee or charge may be imposed for a service unless that service is actually used by, or immediately available to, the owner of the property in question. Property-related fees or charges based on potential or future use of a service are not permitted.

Based upon the California Second District Court of Appeal decision in *Howard Jarvis Taxpayers Association v. City of Los Angeles*, 85 Cal. App. 4th 79 (2000), which was denied review by the California Supreme Court, it was generally believed that Article XIID did not apply to charges for metered water, which had been held to be commodity charges related to consumption of the service, not property ownership. In a decision rendered in February, 2004, the California Supreme Court in *Richmond et al. v. Shasta Community Services District* (S105078) upheld a Third District Court of Appeal decision that water connection fees were not property-related fees or charges subject to Article XIID while at the same time stating in dicta that fees for ongoing water service through an existing connection were property related fees and charges. In October 2004, the California Supreme Court granted review of the decision of the Fourth District Court of Appeal in *Bighorn-Desert View Water Agency v. Beringson*, 120 Cal. App. 4th 891 (2004), in which the appellate court had relied on *Howard Jarvis Taxpayers Association v. City of Los Angeles* and rejected the Supreme Court's dicta in *Richmond et al. v. Shasta Community Services District*. On March 23, 2005, the California Fifth District Court of Appeal held in *Howard Jarvis Taxpayers Association v. City of Fresno*, 127 Cal. App. 4th 914 (2005) that an "in lieu" fee which is payable to the City of Fresno's general fund from its water utility and which is included in the city's water rate structure was invalid. In reaching its decision, the court concluded that the city's water rates were "property related" fees, governed by the limitations of Article XIID. The City of Fresno requested a review of this decision by the California Supreme Court, which denied review. On July 24, 2006 the Supreme Court ruled in *Bighorn-Desert View Water Agency v. Verjil*. The Court restated the dicta in *Richmond et al. v. Shasta Community Services District* that fees and charges for ongoing domestic water service through an existing connection were property related fees and charges under Article XIID.

The District and District Counsel do not believe (and the State Supreme Court has held) that the District's wholesale water rates charged under its contracts with retail agencies are subject to the substantive and procedural requirements of Article XIID. However, numerous recent appellate court opinions interpret and apply Proposition 218 in the context of evaluating the validity of water-related fees and charges. The District is unable to predict at this time how Proposition 218 will ultimately be interpreted by the courts and what, if any, further implementing legislation will be enacted, and there can be no assurance that Proposition 218 will not limit the future ability of the District to impose, levy, charge and collect increased fees and charges for water service and sewer service.

Article XIIC. Article XIIC provides that the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge and that the power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments. Article XIIC does not define the terms "local tax," "assignment," "fee" or "charge." On July 24, 2006, the Supreme Court held in *Bighorn-Desert View Water Agency v. Verjil* that the provisions of Article XIIC included rates and fees charged for domestic water use. The Supreme Court noted, however, that the decision did not address whether an initiative to reduce fees and charges could override statutory rate setting obligations of the public agency involved in the litigation. The District and its District Counsel do not believe that Article XIIC grants to the voters within the jurisdiction of the District the power to repeal or reduce wholesale rates and charges or groundwater charges in a manner which would be inconsistent with the statutory or contractual obligations of the legislative body of District. However, there can be no assurance of the availability of particular remedies adequate to protect the beneficial owners of the Certificates. Remedies available to beneficial owners of the Certificates in the event of a default by the District are dependent upon judicial actions which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Certificates are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors' rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of

judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Bond Counsel (the form of which is attached as Appendix C), will be similarly qualified.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIIC to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity.

Future Initiatives

Articles XIIB, XIIC and XIID were adopted as a measure that qualified for the ballot pursuant to California’s initiative process. From time to time other initiatives could be proposed and adopted affecting the District’s revenues or ability to increase revenues.

Limitation on Remedies

In addition to the specific limitations on remedies contained in the applicable documents themselves, the rights and obligations with respect to the Certificates, the Trust Agreement and the Installment Purchase Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other similar laws affecting creditors’ rights, to the application of equitable principles if equitable remedies are sought, and to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against public agencies in the State of California. The various opinions of counsel to be delivered with respect to such documents, including the opinion of Special Counsel (the form of which is attached as Appendix C), will be similarly qualified.

THE CORPORATION

The Crescenta Valley Water District Financing Corporation (the “Corporation”) was organized on December 5, 2006 pursuant to the Nonprofit Public Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), solely for the purpose of providing financial assistance to the District by acquiring, constructing and financing various public facilities, land and equipment, and the leasing of facilities, land and equipment for the use, benefit and enjoyment of the

public. The five members of the Board of Directors of the Corporation are the members of the Board of Directors of the District.

TAX MATTERS

Federal Income Taxes

The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements that must be met subsequent to the issuance and delivery of the Certificates for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Certificates to be included in gross income for federal income tax purposes retroactive to the date of issue of the Certificates. Pursuant to the Trust Agreement and the Tax and Nonarbitrage Certificate, by and between the District and the Corporation (the “Tax Certificate”), the District and the Corporation have covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Certificates from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the District and the Corporation have made certain representations and certifications in the Trust Agreement and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the District and the Corporation described above, interest on the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code.

State Taxes

Bond Counsel is also of the opinion that interest on the Certificates is exempt from personal income taxes of the State of California (the “State”) under present State law. Bond Counsel expresses no opinion as to other State or local tax consequences arising with respect to the Certificates nor as to the taxability of the Certificates or the income therefrom under the laws of any state other than the State.

Original Issue Discount

Bond Counsel is further of the opinion that the excess of the principal amount of a maturity of the Certificates over its issue price (i.e., the first price at which price a substantial amount of such maturity of the Certificates was sold to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) (each, a “Discount Certificate” and collectively the “Discount Certificates”) constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Certificates. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each Discount Certificate and the basis of each Discount Certificate acquired at such issue price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. The accrual of original issue discount may be taken into account as an increase in the amount of tax-exempt income for purposes of determining various other tax consequences of owning the Discount Certificates, even though there will not be a corresponding cash payment. Owners of the Discount Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Discount Certificates.

Original Issue Premium

Certificates sold at prices in excess of their principal amounts are “Premium Certificates”. An initial purchaser with an initial adjusted basis in a Premium Certificate in excess of its principal amount will have amortizable certificate premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable certificate premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Certificate based on the purchaser’s yield to maturity (or, in the case of Premium Certificates callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Certificate, an initial purchaser who acquires such obligation with an amortizable certificate premium is required to decrease such purchaser’s adjusted basis in such Premium Certificate annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Certificates. Owners of the Premium Certificates are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Certificates.

Ancillary Tax Matters

Ownership of the Certificates may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or to carry the Certificates. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Certificates is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Certificates may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinions attached as Appendix C. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Certificates, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Certificates for federal or state income tax purposes, and thus on the value or marketability of the Certificates. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Certificates from gross income for federal or state income tax purposes, or otherwise. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of holders of the Certificates may occur. Prospective purchasers of the Certificates should consult their own tax advisors regarding the impact of any change in law on the Certificates.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Certificates may affect the tax status of interest on the Certificates. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Certificates, or the interest thereon, if any action is taken with respect to the Certificates or the proceeds thereof upon the advice or approval of other counsel.

CERTAIN LEGAL MATTERS

The validity of the Installment Purchase Agreement and certain other legal matters are subject to the approval of Nixon Peabody LLP, Los Angeles, California, acting as Special Counsel. The form of such legal opinion is attached hereto as Appendix C and such legal opinion will be attached to each Certificate. Special Counsel undertakes no responsibility to any Certificate Owner for the accuracy, completeness or fairness of the Official Statement.

Certain legal matters will be passed upon for the District and the Corporation by Lagerlof LLP, Pasadena, California, as General Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Jones Hall, A Professional Law Corporation, San Francisco, California. Kutak Rock LLP, Los Angeles, California, served as disclosure counsel with respect to the issuance of the Certificates. Certain legal matters will be passed upon for the Trustee by its counsel. Payment of the fees of Special Counsel, Underwriter's counsel and Disclosure Counsel is contingent upon the execution and delivery of the Certificates.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body, pending or, to the knowledge of the District, threatened against the District affecting the existence of the District or the titles of its officers to their respective offices or seeking to restrain or to enjoin the sale or delivery of the Certificates, the application of the proceeds thereof in accordance with the Trust Agreement, or in any way contesting or affecting the action of the District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the District or its authority with respect to the Certificates or any action of the District contemplated by any of said documents.

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Agreement for the benefit of the holders and beneficial owners of the Certificates to provide certain financial information and operating data relating to the District by not later than each April 1, commencing April 1, 2021, to provide notices of the occurrence of certain enumerated events, and to provide notices of the occurrence of certain other enumerated events, if material. The Annual Reports and the notices of enumerated events will be filed by the District with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system. The specific nature of the information to be contained in the Annual Report and the notice of enumerated events with respect to the Certificates are set forth in Appendix D "—FORM OF CONTINUING DISCLOSURE AGREEMENT." These covenants have been made in order to assist the Underwriter in complying with Section (b)(5) of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Over the past five years, the District has been subject to obligations under various continuing disclosure certificates, including but not limited to the Revenue Certificates of Participation (Water System Improvement Projects) Series 2007 Refunding (the "Prior Continuing Disclosure Undertakings"). Pursuant to the Prior Continuing Disclosure Undertakings, the District agreed to file its audited financial reports,

certain operating data with respect to the Water Utility System, as well as notices of certain enumerated events. In the past five years, the District failed to provide certain account information regarding water utility consumption and reserve requirement statements as required by the Prior Continuing Disclosure Undertaking, but filed all other required information in a timely manner.

RATINGS

S&P Global Ratings (“S&P”) has assigned the Certificates the rating of “[____]” ([stable] outlook). Such ratings reflect only the views of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that this rating will continue for any given period of time or that this rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any rating obtained may have an adverse effect on the market price of the Certificates.

The District has covenanted in a Continuing Disclosure Agreement for the Certificates to file on EMMA, notices of any ratings changes on the Certificates. See the caption “CONTINUING DISCLOSURE” and Appendix D. Notwithstanding such covenant, information relating to ratings changes on the Certificates may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Certificates are directed to the ratings agencies and their respective websites and official media outlets for the most current ratings changes with respect to the Certificates after the initial issuance of the Certificates.

MUNICIPAL ADVISOR

The District has retained Campanile Group, Inc., as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Certificates. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities. The payment of certain fees of the Municipal Advisor for the Certificates is contingent upon the issuance thereof.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) pursuant to a Purchase Contract, dated _____, 2020, by and between the Underwriter and the District (the “Purchase Contract”). The purchase price of the Certificates is equal to \$_____, being the aggregate principal amount of the Certificates of \$_____, [plus/minus] original issue [premium/discount] of \$_____ and less an underwriters’ discount of \$_____. The Purchase Contract provides that the Underwriter will purchase all of the Certificates, if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in the Purchase Contract, the approval of certain legal matters by counsel, and certain other conditions.

The initial public offering prices stated on the inside front cover of this Official Statement may, under certain circumstances, be changed from time to time by the Underwriter. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing Certificates into investment trusts), dealer banks, banks acting as agents and others at prices lower than said public offering prices.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.]

MISCELLANEOUS

Insofar as any statements made in this Official Statement involve matters of opinion or of estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Owners of the Certificates.

The execution and delivery of this Official Statement have been duly authorized by the District.

CRESCENTA VALLEY WATER DISTRICT

President

General Manager

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

President

APPENDIX A

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX B

**AUDITED FINANCIAL STATEMENTS OF the DISTRICT FOR THE FISCAL YEARS
ENDED JUNE 30, 2018 AND 2019**

APPENDIX C

FORM OF LEGAL OPINION

[TO BE PROVIDED BY BOND COUNSEL]

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

Upon issuance of the Certificates, the District proposes to enter into a Continuing Disclosure Agreement in substantially the following form:

THIS CONTINUING DISCLOSURE AGREEMENT dated September __, 2020 (the “Disclosure Agreement”) is executed and delivered by the Crescenta Valley Water District (the “District”) and Campanile Group, Inc., as dissemination agent (the “Dissemination Agent”) in connection with the execution and delivery of \$[PAR] Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of September 1, 2020 (the “Trust Agreement”), by and among the District, the Crescenta Valley Water District Financing Corporation (the “Corporation”) and U.S. Bank National Association, as trustee (the “Trustee”). The District covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and U.S. Bank National Association, as Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Dissemination Agent” shall mean Campanile Group, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

“Fiscal Year” shall mean the twelve-month period ending on the last day of June of each year.

“Holder” means a registered owner of the Certificates.

“Installment Purchase Agreement” shall mean that certain Installment Purchase Agreement executed and entered into as of September 1, 2020, by and between the District and the Corporation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are included in a list which is maintained on the Internet at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Participating Underwriter” shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Repository” shall mean EMMA, or a successor repository designated by the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than each [Month], commencing with the report due on [Date], provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) Not later than fifteen (15) Business Days prior to said due date of each Annual Report, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send, or cause to be sent, a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository, if any; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) If not included in the audited financial statements, any change of the financial information and operating data with respect to the District, for only the most recent fiscal year of the District then ended, as described in the following tables in the Official Statement:

(i) [LIST OF TABLES TO BE PROVIDED].

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of

reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other events affecting the tax status of the Certificates;
2. modifications to the rights of Certificates holders;
3. optional, unscheduled or contingent Certificates prepayments;
4. release, substitution or sale of property securing repayment of the Certificates;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file, or cause to be filed, a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the occurrence of event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

SECTION 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give, or cause to be given, notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and

may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days' written notice to the District; provided, however, that such resignation will not become effective until the District has secured a successor Dissemination Agent in accordance with the terms of this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, (a) in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule or (b) the amendment or waiver either (i) is approved by the Owners of the Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Certificates. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Holders or Beneficial Owners of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. Notwithstanding the foregoing, no action may be undertaken by Holders or Beneficial Owners of the Certificates with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of Holders or Beneficial Owners of at least 50% of the aggregate principal amount of the Certificates. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement or the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

No Holders or Beneficial Owners may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as Holders or Beneficial Owners and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no

implied duties or obligations shall be read into this Disclosure Agreement against the Dissemination Agent, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees provided to the District and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent has no power to enforce the nonperformance on the part of the District.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Dated: September [___], 2020

CRESCENTA VALLEY WATER DISTRICT

By: _____
Its: President

CAMPANILE GROUP, INC., as Dissemination
Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: CRESCENTA VALLEY WATER DISTRICT

Name of Issue: REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2020

Date of Execution
and Delivery September [___], 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement approved pursuant to a Resolution adopted by the Board of Directors of the District on [____], 2020. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

CRESCENTA VALLEY WATER DISTRICT

By _____

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APPENDIX E

DTC AND BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Certificates (the "Obligations"), payment of principal, premium, if any, accreted value, if any, and interest on the Obligations to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Obligations and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Obligation will be issued for each annual maturity of the Obligations, each in the aggregate principal amount of such annual maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC is rated AA+ by Standard & Poor's. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligations documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Obligations within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

An Obligation Owner shall give notice to elect to have its Obligations purchased or tendered, through its Participant, to the Trustee, and shall effect delivery of such Obligations by causing the Direct Participant to transfer the Participant's interest in the Obligations, on DTC's records, to the Trustee. The requirement for physical delivery of Obligations in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Obligations are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Obligations to the Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Obligations at any time by giving reasonable notice to the District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Obligations will be printed and delivered to DTC.

THE TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE OBLIGATIONS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY DTC PARTICIPANT, OR OF ANY DTC PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OF SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE OBLIGATIONS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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\$ _____
**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020**

PURCHASE CONTRACT

_____, 2020

Crescenta Valley Water District
Financing Corporation
2700 Foothill Boulevard
La Crescent, California 91214

Crescenta Valley Water District
2700 Foothill Boulevard
La Crescent, California 91214

Ladies and Gentlemen:

Stifel, Nicolaus & Company, Incorporated (the “**Underwriter**”) offers to enter into this Purchase Contract (this “**Purchase Contract**”) with the Crescenta Valley Water District Financing Corporation (the “**Corporation**”) and the Crescenta Valley Water District (the “**District**”) for the purchase by the Underwriter of the Crescenta Valley Water District Revenue Certificates of Participation, Series 2020 (the “**Certificates**”). This offer is made subject to the Corporation’s and the District’s acceptance by execution of this Purchase Contract and delivery of the same to the Underwriter on or before 11:59 p.m. California time on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriter upon notice delivered to the Corporation and the District at any time prior to such acceptance. Upon the Corporation’s and the District’s acceptance hereof, this Purchase Contract will be binding upon the Corporation, the District and the Underwriter.

The Corporation and the District acknowledge and agree that: (i) the purchase and sale of the Certificates pursuant to this Purchase Contract is an arm’s-length commercial transaction between the Corporation, the District, and the Underwriter; (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as principal and is not acting as agent or Municipal Advisor (as defined in Section 15B of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), and has not assumed any advisory or fiduciary responsibility in favor of the Corporation or the District with respect to the offering of the Certificates or the process leading thereto (whether or not the Underwriter has advised or is currently advising the Corporation or the District on other matters); (iii) the only obligations the Underwriter has to the Corporation and the District with respect to the transaction contemplated hereby expressly are set forth in this Purchase Contract; (iv) the Corporation and the District have consulted their own legal, financial, accounting, tax and other advisors to the extent each has deemed appropriate; (v) the Underwriter has financial interests that differ from and may be adverse to those of the District and the Corporation; and (vi) the Underwriter has provided the Corporation and the District with certain disclosures required under the rules of the Municipal Securities Rulemaking Board (the “**MSRB**”). The Corporation and the District acknowledge and represent that they have engaged Campanile Group, Inc. as their municipal advisor (as defined in Securities and Exchange

Commission Rule 15Ba1) and will rely on the financial advice of Campanile Group, Inc. with respect to the Certificates.

Capitalized terms used in this Purchase Contract and not otherwise defined herein will have the respective meanings set forth for such terms in the Trust Agreement (as hereinafter defined).

Section 1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations set forth in this Purchase Contract, the Underwriter agrees to purchase from the Corporation, and the Corporation agrees to execute and deliver to the Underwriter, all (but not less than all) of the Certificates at a purchase price of \$_____ (being an amount equal to the principal amount of the Certificates (\$_____), *plus* an original issue premium of \$_____, and *less* an underwriter's discount of \$_____). The obligation of the Underwriter to purchase, accept delivery of and pay for the Certificates will be conditioned on the sale and delivery of all of the Certificates by the Corporation to the Underwriter at Closing (hereinafter defined).

Section 2. Bond Terms; Purpose; Security.

(a) Bond Terms and Authorization. The Certificates will be dated their date of delivery and will mature and bear interest as shown on Exhibit A. The Certificates will be as described in, and will be issued and secured under, a Trust Agreement, dated as of September 1, 2020 (the "**Trust Agreement**"), by and among the Corporation, the District and U.S. Bank National Association, as trustee (the "**Trustee**"). The Certificates are payable and subject to redemption as shown in Exhibit A.

The Certificates will represent direct, undivided fractional interests in certain installment payments (the "**Installment Payments**") to be made by the District pursuant to an Installment Purchase Agreement dated as of September 1, 2020 (the "**Installment Purchase Agreement**"), between the District and the Corporation.

Pursuant to an Assignment Agreement dated as of September 1, 2020 (the "**Assignment Agreement**"), between the Corporation and the Trustee, the Corporation has assigned to the Trustee, for the benefit of the owners of the Certificates, its right to receive Installment Payments, among other things, under the Installment Purchase Agreement.

(b) Purpose. The Certificates are being executed and delivered to: (i) finance the acquisition and construction of certain capital improvements, betterments, renovations and expansions of facilities within the District's water system (the "Water System"), as described in the Installment Purchase Agreement; (ii) refinance the District's payment obligations with respect to the Installment Purchase Agreement, dated as of August 1, 2017 (the "**2017 Installment Purchase Agreement**"), by and between the District and Pacific Western Bank, and (iii) pay the costs of executing and delivering the Certificates.

(c) Security. Under the Installment Purchase Agreement, the payment of the Installment Payments will be secured by and payable from "**Revenues**" and amounts on deposit in certain funds established by the Trust Agreement. Revenues generally consist of revenues of the Water System, as more particularly described in the Trust Agreement. Under the Installment Purchase Agreement, the District is permitted to pay operation and maintenance costs of the Water System from Revenues, as more as more particularly described in the Trust Agreement.

Section 3. Public Offering. The Underwriter agrees to make an initial bona fide public offering of all of the Certificates, at not in excess of the initial public offering yields or prices set forth on Exhibit A. Following the initial public offering of the Certificates, the offering prices may be changed from time to time by the Underwriter, provided that the Underwriter shall not change any of the principal amounts or the interest rates set forth on Exhibit A. The Certificates may be offered and sold to certain dealers at prices lower than such initial public offering prices. The Certificates are subject to redemption as set forth in Exhibit A.

Section 4. Official Statement; Continuing Disclosure. (a) The Corporation and the District have delivered to the Underwriter the Preliminary Official Statement dated _____, 2020 (the "**Preliminary Official Statement**") and will deliver to the Underwriter a final official statement dated the date of this Purchase Contract (as amended and supplemented from time to time pursuant to Section 5(i) of this Purchase Contract, the "**Official Statement**"). Subsequent to its receipt of the Corporation's and the District's 15c2-12 Certificate, in substantially the forms attached hereto as Exhibit B, deeming the Preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission, as amended ("**Rule 15c2-12**"), the Underwriter has distributed copies of the Preliminary Official Statement. The Corporation and the District hereby ratify the use by the Underwriter of the Preliminary Official Statement and authorize the Underwriter to use and distribute in printed and/or electronic format the Official Statement (including all information previously permitted to have been omitted by Rule 15c2-12, and any supplements and amendments thereto as have been approved by the Corporation and the District as evidenced by the execution and delivery of such document by an officer of the Corporation and the District), the Trust Agreement, the Installment Purchase Agreement, the Assignment Agreement, this Purchase Contract, the Continuing Disclosure Certificate (hereinafter defined), and all information contained therein, and all other documents, certificates and written statements furnished by the Corporation and the District to the Underwriter in connection with the transactions contemplated by this Purchase Contract, in connection with the offer and sale of the Certificates by the Underwriter.

The Underwriter hereby agrees to deliver a copy of the Official Statement to the MSRB through the Electronic Municipal Marketplace Access website of the MSRB on or before the date of the Closing and otherwise to comply with all applicable statutes and regulations in connection with the offering and sale of the Certificates, including, without limitation, MSRB Rule G-32 and Rule 15c2-12. The Corporation and the District agree to deliver to the Underwriter as many copies of the Official Statement as the Underwriter will reasonably request as necessary to comply with paragraph (b)(4) of Rule 15c2-12. The Corporation and the District agree to deliver the final Official Statement within seven business days after the execution hereof, or such earlier date identified by the Underwriter to be necessary to allow the Underwriter to meet its obligations under Rule 15c2-12 and Rule G-32 of the MSRB.

(b) The Underwriter agrees to: (1) provide the Corporation with final pricing information on the Certificates on a timely basis prior to the Closing and (2) take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and MSRB rules governing the offering, sale and delivery of the Certificates to ultimate purchasers.

(c) In connection with the execution and delivery of the Certificates, and in order to assist the Underwriter with complying with the provisions of Rule 15c2-12, the District will execute a Continuing Disclosure Certificate (the "**Continuing Disclosure Certificate**") and acknowledged by _____, as Dissemination Agent, under which the District will undertake, on behalf of the Corporation, to provide certain financial and operating data as required by Rule 15c2-12. The

form of the Continuing Disclosure Certificate is attached as an appendix to the Preliminary Official Statement and will be attached as an appendix to the final Official Statement.

Section 5. Representations, Warranties and Covenants of the Corporation. The Corporation hereby represents, warrants and agrees with the Underwriter that:

(a) The Corporation is a nonprofit public benefit corporation duly organized and in good standing under the laws of the State of California (the “**State**”) and has all necessary power and authority to adopt the Corporation Resolution (as hereinafter defined), to enter into and perform its duties under the Trust Agreement, the Installment Purchase Agreement, the Assignment Agreement, and this Purchase Contract (the “**Corporation Agreements**”) and, when executed and delivered by the respective parties thereto, each Corporation Agreement will constitute the legal, valid and binding obligation of the Corporation enforceable in accordance with its respective terms.

(b) The Board of Directors of the Corporation (the “**Corporation Board of Directors**”) has taken official action by a resolution adopted on _____, 2020 (the “**Corporation Resolution**”) adopted by a majority of the members of the Corporation Board of Directors at a regular meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the Corporation Agreements and the Official Statement and the taking of any and all such action as may be required on the part of the Corporation to carry out, give effect to and consummate the transactions contemplated hereby.

(c) By all necessary official action, the Corporation has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the Certificates and the Corporation Agreements, and the consummation by it of all other transactions contemplated by the Corporation Resolution, the Corporation Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by the respective parties thereto, the Corporation Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the Corporation, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) The statements and information contained in the Official Statement relating to the Corporation and the Certificates (other than information relating to The Depository Trust Company (“**DTC**”) and its book-entry only system) are correct and complete in all material respects, and the information contained in the Official Statement (other than information relating to DTC and its book-entry only system) does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the Corporation or, to the best knowledge of the Corporation, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the Corporation, or the titles of its members or

officers; (ii) in any way question or affect the validity or enforceability of Corporation Agreements or the Certificates, or (iii) in any way question or affect the Corporation Agreements or the transactions contemplated by the Corporation Agreements, the Official Statement, or any other agreement or instrument to which the Corporation is a party relating to the Certificates.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the Corporation required for the execution and delivery of this Purchase Contract or the consummation by the Corporation of the other transactions contemplated by the Official Statement or the Corporation Agreements.

(g) Any certificate signed by any official of the Corporation authorized to do so will be deemed a representation and warranty by the Corporation to the Underwriter as to the statements made therein.

(h) Except as previously disclosed to the Underwriter, the Corporation is not in default, and at no time has the Corporation defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i)

(1) If between the date of this Purchase Contract and the date which is 25 days following the End of the Underwriting Period (as defined below), any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the Corporation will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Corporation will at its expense supplement or amend the Official Statement in a form and in a manner approved by the Underwriter. **“End of the Underwriting Period”** will mean the later of: (i) the date of the Closing, and (ii) the date the Underwriter does not retain, directly or as a member of an underwriting syndicate, an unsold balance of the Certificates for sale to the public, provided that unless the Underwriter notifies the Corporation on or prior to the date of the Closing that it retains, directly or as a member of an underwriting syndicate, an unsold balance of the Certificates for sale to the public, the End of the Underwriting Period will be deemed to have occurred on the date of the Closing.

(2) After the Closing, the Corporation will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter’s Counsel (hereinafter defined). If any event relating to or affecting the Corporation occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the Corporation will use its best efforts to assist the Underwriter in preparing (at the expense of the Corporation for 90 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not

contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the Corporation will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Except as disclosed in the Official Statement, the Corporation has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 during the past five years.

(k) The Corporation covenants with the Underwriter that the Corporation will cooperate with the Underwriter (at the cost and written directions of the Underwriter), in qualifying the Certificates for offer and sale under the securities or Blue Sky laws of such jurisdiction of the United States as the Underwriter may reasonably request; provided, however, that the Corporation shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The Corporation consents to the use by the Underwriter of the Corporation Agreements, the Preliminary Official Statement and the Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Certificates.

Section 6. Representations, Warranties and Covenants of the District. The District hereby represents, warrants and agrees with the Underwriter that:

(a) The District is a county water district that is duly organized and existing under the laws of the State and its Board of Directors has all necessary power and authority to adopt its resolution adopted on _____, 2020 (the “**District Resolution**”), to enter into and perform its duties under the Trust Agreement, the Installment Purchase Agreement, the Continuing Disclosure Certificate and this Purchase Contract (the “**District Agreements**”) and, when executed and delivered by the respective parties thereto, the District Agreements will constitute legal, valid and binding obligations of the District enforceable in accordance with their respective terms.

(b) The Board of Directors of the District (the “**District Board of Directors**”) has taken official action by adopting the District Resolution by a majority of the members of the District Board of Directors at a meeting duly called, noticed and conducted, at which a quorum was present and acting throughout, authorizing the execution, delivery and due performance of the District Agreements and the Official Statement and the taking of any and all such action as may be required on the part of the District to carry out, give effect to and consummate the transactions contemplated hereby.

(c) By all necessary official action, the District has duly adopted the District Resolution, has duly authorized the preparation and delivery of the Preliminary Official Statement and the preparation, execution and delivery of the Official Statement, has duly authorized and approved the execution and delivery of, and the performance of its obligations under, the District Agreements, and the consummation by it of all other transactions contemplated by the District Resolution, the District Agreements, the Preliminary Official Statement and the Official Statement. When executed and delivered by the respective parties thereto, the District Agreements (assuming due authorization, execution and delivery by and enforceability against the other parties thereto) will be in full force and effect and each will constitute legal, valid and binding agreements or obligations of the District, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization,

moratorium or similar laws or equitable principles relating to or limiting creditors rights generally, the application of equitable principles, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(d) At the time of the District's acceptance hereof and at all times subsequent thereto up to and including the time of the Closing, the information and statements in the Official Statement (other than any information concerning the Corporation, DTC and the book-entry system for the Certificates or provided by the Underwriter) do not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) As of the date hereof, there is no action, suit, proceeding or investigation before or by any court, public board or body pending against the District or, to the best knowledge of the District, threatened, wherein an unfavorable decision, ruling or finding would: (i) affect the creation, organization, existence or powers of the District, or the titles of its members or officers; (ii) in any way question or affect the validity or enforceability of the District Agreements or the Certificates, or (iii) in any way question or affect this Purchase Contract or the transactions contemplated by this Purchase Contract, the Official Statement, or any other agreement or instrument to which the District is a party relating to the Certificates.

(f) There is no consent, approval, authorization or other order of, or filing or registration with, or certification by, any regulatory authority having jurisdiction over the District required for the execution and delivery of this Purchase Contract or the consummation by the District of the other transactions contemplated by the Official Statement or the District Agreements.

(g) Any certificate signed by any official of the District authorized to do so will be deemed a representation and warranty by the District to the Underwriter as to the statements made therein.

(h) Except as previously disclosed to the Underwriter, the District is not in default, and at no time has the District defaulted in any material respect, on any bond, note or other obligation for borrowed money or any agreement under which any such obligation is or was outstanding.

(i)

(1) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, there has not been any materially adverse change in the financial condition of the District since June 30, 2019, and there has been no occurrence or circumstance or combination thereof that is reasonably expected to result in any such materially adverse change.

(2) If between the date of this Purchase Contract and the date which is 25 days following the End of the Underwriting Period, any event will occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District will immediately notify the Underwriter, and if, in the opinion of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will at its expense

supplement or amend the Official Statement in a form and in a manner approved by the Underwriter.

(3) After the Closing, the District will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Underwriter reasonably objects in writing or which is disapproved by Underwriter's Counsel. If any event relating to or affecting the District occurs as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the District will use its best efforts to assist the Underwriter in preparing (at the expense of the District for 90 days after the date of the Closing, and thereafter at the expense of the Underwriter) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. For the purposes of this subsection, the District will furnish such information with respect to itself as the Underwriter may from time to time reasonably request.

(j) Except as disclosed in the Official Statement or otherwise disclosed in writing to the Underwriter, the District has not previously failed to comply in all material respects with any undertakings under Rule 15c2-12 in the past five years. The report of Lumesis, Inc. dated _____, 2020 (the "**Continuing Disclosure Due Diligence Report**") identifies all of the issues for which the Corporation and the District were obligated to provide continuing disclosure under Rule 15c2-12 during the past five years and all of the material event filings that were required with respect to such issues during the five-year period.

(k) The District does not need the consent of its auditor to include its audited financial statements for the fiscal year ended June 30, 2019 as an appendix to the Official Statement.

(l) The District covenants with the Underwriter that the District will cooperate with the Underwriter (at the cost and written directions of the Underwriter), in qualifying the Certificates for offer and sale under the securities or Blue Sky laws of such jurisdiction of the United States as the Underwriter may reasonably request; provided, however, that the District shall not be required to consent to suit or to service of process, or to qualify to do business, in any jurisdiction. The District consents to the use by the Underwriter of the District Agreements, the Preliminary Official Statement and the Official Statement in the course of its compliance with the securities or Blue Sky laws of the various jurisdictions related to the offering and sale of the Certificates.

Section 7. The Closing. (a) At 8:30 A.M., California time, on _____, 2020, or on such earlier or later time or date as may be agreed upon by the Underwriter, the Corporation and the District (the "**Closing**"), the Corporation will deliver the Certificates to the Underwriter, through the book-entry system of DTC. Prior to the Closing, the Corporation and the District will deliver, at the offices of Nixon Peabody, LLP ("**Special Counsel**") in Los Angeles, California, or such other place as is mutually agreed upon by the Underwriter and the Corporation, the other documents described in this Purchase Contract. On the date of the Closing, the Underwriter will pay the purchase price of the Certificates as set forth in Section 1 of this Purchase Contract in immediately available funds to the order of the Trustee.

(b) The Certificates will be issued in fully registered form and will be prepared and delivered as one Certificate for each maturity registered in the name of a nominee of DTC. It is anticipated that CUSIP identification numbers will be inserted on the Certificates, but neither the failure to provide such numbers nor any error with respect thereto will constitute a cause for failure or refusal by the Underwriter to accept delivery of the Certificates in accordance with the terms of this Purchase Contract.

Section 8. Conditions to Underwriter's Obligations. The Underwriter has entered into this Purchase Contract in reliance upon the representations and warranties of the Corporation and the District contained herein and to be contained in the documents and instruments to be delivered on the date of the Closing, and upon the performance by the Corporation and the District of their respective obligations to be performed hereunder and under such documents and instruments to be delivered at or prior to the date of the Closing. The Underwriter's obligations under this Purchase Contract are and will also be subject to the sale, issuance and delivery of the Certificates as well as the following conditions:

(a) The representations and warranties of the Corporation and the District contained in this Agreement will be true and correct in all material respects on the date of this Purchase Contract and on and as of the date of the Closing as if made on the date of the Closing;

(b) As of the date of the Closing, the Official Statement may not have been amended, modified or supplemented, except in any case as may have been agreed to by the Underwriter;

(c) (i) As of the date of the Closing, the Corporation Resolution, the District Resolution, the Corporation Agreements and the District Agreements will be in full force and effect, and will not have been amended, modified or supplemented, except as may have been agreed to by the Underwriter, (ii) the Corporation will perform or have performed all of its obligations required under or specified in the Corporation Resolution, the Corporation Agreements and this Purchase Contract to be performed at or prior to the date of the Closing; and (iii) the District will perform or have performed all of its obligations required under or specified in the District Resolution, the District Agreements and this Purchase Contract to be performed at or prior to the date of the Closing;

(d) As of the date of the Closing, all necessary official action of the Corporation relating to the Corporation Agreements, the Corporation Resolution and the Official Statement, and all necessary official action of the District relating to the District Agreements, the District Resolution, and the Official Statement, will have been taken and will be in full force and effect and will not have been amended, modified or supplemented in any material respect, except as may have been agreed to by the Corporation, the District and the Underwriter; and

(e) As of or prior to the date of the Closing, the Underwriter will have received each of the following documents:

(1) Certified copies of the Corporation Resolution and the District Resolution.

(2) Duly executed copies of the Trust Agreement, the Installment Purchase Agreement, the Assignment Agreement, the Continuing Disclosure Certificate, and this Purchase Contract.

(3) The Preliminary Official Statement and the Official Statement, with the Official Statement duly executed on behalf of the Corporation and the District.

(4) An approving opinion of Special Counsel, dated as of the Closing, as to the validity of the Certificates, the exclusion of interest on the Certificates from federal gross income, and the exclusion of interest on the Certificates from State income taxation addressed to the Corporation and the District substantially in the form attached as an appendix to the Official Statement, and a reliance letter with respect thereto addressed to the Underwriter and the Trustee.

(5) A supplemental opinion of Special Counsel, addressed to the Underwriter, to the effect that:

(i) The Purchase Contract and the Installment Purchase Agreement has been duly executed and delivered by the Corporation and the District, and are valid and binding upon the Corporation and the District, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(ii) The Assignment Agreement has been duly executed and delivered by the Corporation, and is valid and binding upon the Corporation, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(iii) The Continuing Disclosure Certificate has been duly executed and delivered by the District and is valid and binding upon the District, subject to laws relating to bankruptcy, insolvency, reorganization or creditors' rights generally and to the application of equitable principles;

(iv) The Certificates are exempt from registration pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), and the Indenture is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(v) The statements contained in the Official Statement on the cover and under the headings ["INTRODUCTION," "THE FINANCING PLAN," "THE CERTIFICATES," "SECURITY FOR THE CERTIFICATES," "TAX MATTERS," "CERTAIN LEGAL MATTERS," in "APPENDIX ___ – SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS," and "APPENDIX ___ – FORM OF SPECIAL COUNSEL OPINION,"] insofar as such statements purport to describe certain provisions of the Certificates, the Trust Agreement, the Installment Purchase Agreement, and the Assignment Agreement, and the opinion of Special Counsel regarding the tax-exempt nature of the Certificates, present a fair and accurate summary of the provisions thereof.

(6) An opinion of Kutak Rock LLP, Los Angeles, California, as disclosure counsel to the Corporation and the District, addressed to the Underwriter, to the effect that: We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement or the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. However, in our capacity as disclosure counsel to the Corporation and the District, we have reviewed certain documents as described above and have participated in conferences during which the contents of the Preliminary Official Statement and the Official Statement and related

matters were discussed. Based on our review of documents and our participation in the above-mentioned conferences, and with the assumptions described in the second preceding paragraph, we advise you that, during the course of our assistance in the preparation of the Preliminary Official Statement and the Official Statement, no facts have come to the attention of the attorneys in our firm rendering legal services in connection with such representation that caused us to believe that the Preliminary Official Statement and the Official Statement, as of their date and as of the date of this letter contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (except that we express no opinion or belief with respect to: (i) the expressions of opinion, the assumptions, the projections, the financial statements or other financial, numerical, economic, demographic or statistical data contained in the Preliminary Official Statement and the Official Statement, (ii) any CUSIP numbers or information relating thereto contained in the Preliminary Official Statement and the Official Statement, (iii) any information contained in the appendices to the Preliminary Official Statement and the Official Statement, (iv) any information with respect to DTC and its book entry system for the Certificates contained or incorporated in the Preliminary Official Statement and the Official Statement, (v) any information incorporated by reference into the Preliminary Official Statement and the Official Statement, and (vi) information with respect to the rating on the Certificates and the rating agency referenced in the Preliminary Official Statement and the Official Statement).

(7) An opinion or opinions of Langerloff LLP, as General Counsel and Corporation Counsel, dated as of the Closing addressed to the Corporation, the District, the Trustee and the Underwriter, in form and substance acceptable to the Underwriter, to the effect that:

(i) The District is a county water district that is duly organized and existing under the laws of the State. The District Board of Directors is the governing body of the District.

(ii) The District has all necessary power and authority to adopt the District Resolution, and to enter into and perform its duties under the District Agreements, and, when executed and delivered by the respective parties thereto, the District Agreements will each constitute a legal, valid and binding obligation of the District enforceable in accordance with its respective terms, except as such enforcement may be limited by bankruptcy, moratorium and the exercise of equitable principles where equitable remedies are sought.

(iii) The District Resolution was duly adopted at a meeting of the District Board of Directors, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the District Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

(iv) The execution and delivery by the District of the District Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the District is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States or any department, division, agency or instrumentality of either

thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the District is a party or is otherwise subject or bound in a manner which could materially adversely affect the District's performance under the District Agreements.

(v) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which could materially adversely affect, the performance by the District of its obligations under the District Agreements have been obtained and are in full force and effect.

(vi) To the best knowledge of the General Counsel, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the District (A) affecting the existence of the District or the titles of the members of the District Board of Directors or its officers to their respective offices, (B) seeking to restrain or to enjoin the issuance or sale of the Certificates, (C) in any way contesting or affecting the validity or enforceability of the District Resolution or the District Agreements, (D) in any way contesting the powers of the Trustee to execute and deliver the Certificates or the District's authority with respect to the District Resolution or the District Agreements, or (E) in any way questioning the accuracy of the statements in the Preliminary Official Statement or the Official Statement.

(vii) The Corporation is a nonprofit public benefit corporation duly organized and in good standing under the laws of the State. The Corporation Board of Directors is the governing body of the Corporation.

(viii) The Corporation has all necessary power and authority to adopt the Corporation Resolution, and to enter into and perform its duties under the Corporation Agreements and, when executed and delivered by the respective parties thereto, the Corporation Agreements will each constitute legal, valid and binding obligation of the Corporation enforceable in accordance with its respective terms, except as such enforcement may be limited by bankruptcy, moratorium and the exercise of equitable principles where equitable remedies are sought.

(ix) The Corporation Resolution was duly adopted at a regular meeting of the Corporation's Board of Directors, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting throughout and the Corporation Resolution is in full force and effect and has not been modified, amended or rescinded since the date of its adoption.

(x) To the best knowledge of Corporation Counsel, after due inquiry, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, is pending or threatened in any way against the Corporation (A) affecting the existence of the Corporation or the titles of the members of the Corporation Board of Directors or its officers to their respective offices, (B) seeking to restrain or to enjoin the execution, delivery or sale of the Certificates, (C) in any way contesting or affecting the validity or enforceability of

the Corporation Resolution or the Corporation Agreements, (D) in any way contesting the powers of the Trustee to execute and deliver the Certificates or the sale of the Certificates or its authority with respect to the Corporation Resolution or the Corporation Agreements, (E) in any way contesting or affecting any of the rights, powers, duties or obligations of the Corporation with respect to the money or property pledged or to be pledged under the Indenture or (F) in any way questioning the accuracy of the statements in the Preliminary Official Statement or the Official Statement.

(xi) The execution and delivery by the Corporation of the Corporation Agreements, the Official Statement and the other instruments contemplated by any of such documents to which the Corporation is a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any applicable law or administrative rule or regulation of the State, the United States or any department, division, agency or instrumentality of either thereof, or any applicable court or administrative decree or order or any loan agreement, note, resolution, indenture, contract, agreement or other instrument to which the Corporation is a party or is otherwise subject or bound in a manner which would materially adversely affect the Corporation's performance under the Corporation Agreements.

(xii) All approvals, consents, authorizations, elections and orders of or filings or registrations with any governmental authority, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the performance by the Corporation of its obligations under the Corporation Agreements have been obtained and are in full force and effect.

(8) A letter of Jones Hall, A Professional Law Corporation ("**Underwriter's Counsel**"), addressed to the Underwriter, in form and substance acceptable to the Underwriter.

(9) An executed certificate or certificates of the Corporation and the District, dated as of the date of the Preliminary Official Statement, substantially in the form attached as Exhibit B.

(10) An executed closing certificate of the Corporation, dated as of the Closing, in the form attached as Exhibit C.

(11) An executed closing certificate of the District, dated as of the Closing, in the form attached as Exhibit D.

(12) The opinion of counsel to the Trustee, dated as of the Closing, addressed to the Corporation, the District and the Underwriter to the effect that:

(i) The Trustee is a national banking association duly organized and validly existing under the laws of the jurisdiction of its organization, and has the corporate power to execute and deliver, and to perform its obligations under, the Trust Agreement and the Assignment Agreement.

(ii) The Trust Agreement and the Assignment Agreement have been duly authorized, executed and delivered by the Trustee, and, assuming due authorization, execution and delivery by the other parties thereto, the Trust Agreement and the Assignment Agreement constitute the valid and legally binding agreements of the Trustee enforceable in accordance with their respective terms, subject to laws relating in bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and the application of equitable principles if equitable remedies are sought.

(iii) The Trustee has duly executed the Certificates.

(iv) To the best knowledge of counsel to the Trustee, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Trust Agreement and the Assignment Agreement or contesting the powers of the Trustee or its authority to enter into and perform its obligations thereunder.

(13) A certificate of the Trustee, dated as of the Closing, in the form attached as Exhibit E.

(14) A tax certificate duly signed on behalf of the Corporation and the District in form and substance acceptable to Special Counsel and the Underwriter.

(15) Evidence of required filings with the California Debt and Investment Advisory Commission.

(16) A copy of the executed Blanket Issuer Letter of Representations by and between the Corporation and DTC relating to the book-entry system.

(17) Evidence that the Certificates have received the ratings described in the Official Statement.

(18) [A defeasance opinion of Special Counsel, in form and substance acceptable to the Underwriter, relating to the 2017 Installment Purchase Agreement].

(19) A copy of the Continuing Disclosure Due Diligence Report.

(20) A certificate of Campanile Group, Inc., as municipal advisor, in substantially the form attached hereto as Exhibit F.

(21) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Special Counsel may reasonably request to evidence compliance by the Corporation and the District with legal requirements, the truth and accuracy, as of the date of the Closing, of the representations of the Corporation and the District herein contained and of the Official Statement and the due performance or satisfaction by the Corporation and the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Corporation and the District.

All of the opinions, letters, certificates, instruments and other documents mentioned in this Purchase Contract will be deemed to be in compliance with the provisions of this Purchase Contract if, but only if, they are in form and substance satisfactory to the Underwriter. If the Corporation and the District are unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Purchase Contract or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates will be terminated for any reason permitted by this Purchase Contract, this Purchase Contract will terminate and neither the Underwriter, the Corporation nor the District will be under further obligations hereunder, except that the respective obligations of the Corporation, the District and the Underwriter set forth in Section 12 of this Purchase Contract will continue in full force and effect.

Section 9. Conditions to Corporation's and District's Obligations. The performance by the Corporation and the District of their respective obligations under this Purchase Contract are conditioned upon: (i) the performance by the Underwriter of its obligations hereunder and (ii) receipt by the Corporation and the District of opinions addressed to the Corporation and the District, and receipt by the Underwriter of opinions addressed to the Underwriter, and the delivery of certificates being delivered on the date of the Closing by persons and entities other than the Corporation and the District.

Section 10. Establishment of Issue Price.

(a) The Underwriter agrees to assist the District in establishing the issue price of the Certificates and shall execute and deliver to the District at Closing an "issue price" or similar certificate, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the District and Special Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Certificates.

(b) Except as otherwise set forth in Exhibit A attached hereto, the District will treat the first price at which 10% of each maturity of the Certificates (the "**10% test**") is sold to the public as the issue price of that maturity. At or promptly after the execution of this Purchase Contract, the Underwriter shall report to the District the price or prices at which it has sold to the public each maturity of Bonds. If at that time the 10% test has not been satisfied as to any maturity of the Certificates, the Underwriter agrees to promptly report to the District the prices at which it sells the unsold Certificates of that maturity to the public. That reporting obligation shall continue, whether or not the Closing has occurred, until either (i) the Underwriter has sold all Certificates of that maturity or (ii) the 10% test has been satisfied as to the Certificates of that maturity, provided that the Underwriter's reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the District or Special Counsel. For purposes of this Section, if Certificates mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Certificates.

(c) The Underwriter confirms that it has offered the Certificates to the public on or before the date of this Purchase Contract at the offering price or prices (the "**initial offering price**"), or at the corresponding yield or yields, set forth in Exhibit A attached hereto, except as otherwise set forth therein. Exhibit A also sets forth, as of the date of this Purchase Contract, the maturities, if any, of the Certificates for which the 10% test has not been satisfied and for which

the District and the Underwriter agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the “**hold-the-offering-price rule**”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Certificates, the Underwriter will neither offer nor sell unsold Certificates of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

The Underwriter will advise the District promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Certificates to the public at a price that is no higher than the initial offering price to the public.

(d) The Underwriter confirms that:

(i) any selling group agreement and any third-party distribution agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing has occurred, until either all Certificates of that maturity allocated to it have been sold or it is notified by the Underwriter that the 10% test has been satisfied as to the Certificates of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter, and
(ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter,

(B) to promptly notify the Underwriter of any sales of Certificates that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below), and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter shall assume that each order submitted by the dealer or broker-dealer is a sale to the public.

(ii) any selling group agreement relating to the initial sale of the Certificates to the public, together with the related pricing wires, contains or will contain language obligating each dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Certificates to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Certificates of each maturity allocated to it, whether or not the Closing has occurred, until either all Certificates of that maturity allocated to it have

been sold or it is notified by the Underwriter or the dealer that the 10% test has been satisfied as to the Certificates of that maturity, provided that the reporting obligation after the date of the Closing may be at reasonable periodic intervals or otherwise upon request of the Underwriter or the dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(e) The District acknowledges that, in making the representations set forth in this section, the Underwriter will rely on (i) in the event a selling group has been created in connection with the initial sale of the Certificates to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a third-party distribution agreement was employed in connection with the initial sale of the Certificates to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that the Underwriter shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement, to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Certificates, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Certificates.

(f) The Underwriter acknowledges that sales of any Certificates to any person that is a related party to an underwriter participating in the initial sale of the Certificates to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

- (i) “public” means any person other than an underwriter or a related party,
- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Certificates to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Certificates to the public),
- (iii) a purchaser of any of the Certificates is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership

(including direct ownership of the applicable stock or interests by one entity of the other), and

- (iv) “sale date” means the date of execution of this Purchase Contract by all parties.

Section 11. Termination Events. The Underwriter will have the right to terminate the Underwriter’s obligations under this Purchase Contract to purchase, to accept delivery of and to pay for the Certificates by notifying the Corporation and the District of its election to do so if, after the execution hereof and prior to the Closing, any of the following events occurs:

- (a) the marketability of the Certificates or the market price thereof, in the opinion of the Underwriter, has been materially and adversely affected by any decision issued by a court of the United States (including the United States Tax Court) or of the State, by any ruling or regulation (final, temporary or proposed) issued by or on behalf of the Department of the Treasury of the United States, the Internal Revenue Service, or other governmental agency of the United States, or any governmental agency of the State, or by a tentative decision or announcement by any member of the House Ways and Means Committee, the Senate Finance Committee, or the Conference Committee with respect to contemplated legislation or by legislation enacted by, pending in, or favorably reported to either the House of Representatives or either House of the Legislature of the State, or formally proposed to the Congress of the United States by the President of the United States or to the Legislature of the State by the Governor of the State in an executive communication, affecting the tax status of the Corporation or the District, its property or income, its bonds, the Certificates, or the interest thereon or any tax exemption granted or authorized by the Internal Revenue Code of 1986, as amended;

- (b) the United States becomes engaged in hostilities that result in a declaration of war or a national emergency, or any other outbreak of hostilities occurs or escalates, or a local, national or international calamity or crisis occurs or escalates, financial or otherwise, the effect of such outbreak, calamity or crisis being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Certificates;

- (c) there occurs a general suspension of trading on the New York Stock Exchange or other major exchange shall be in force, or minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on any such exchange, whether by virtue of determination by that exchange or by order of the SEC or any other governmental authority having jurisdiction;

- (d) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission is issued or made to the effect that the execution, delivery, offering or sale of the Certificates is or would be in violation of any provision of the Securities Act of 1933, as then in effect, or of the Securities Exchange Act of 1934, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

- (e) legislation is enacted by the House of Representatives or the Senate of the Congress of the United States of America, or a decision by a court of the United States of America is rendered, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject

matter is made or proposed to the effect that the obligations of the general character of the Certificates, including the Certificates, are not exempt from registration, qualification or other similar requirements of the Securities Act of 1933, as then in effect, or of the Trust Indenture Act of 1939, as then in effect;

(f) in the reasonable judgment of the Underwriter, the market price of the Certificates, or the market price generally of obligations of the general character of the Certificates, might be materially and adversely affected because additional material restrictions not in force as of the date hereof is imposed upon trading in securities generally by any governmental authority or by any national securities exchange;

(g) the Comptroller of the Currency, The New York Stock Exchange, or other national securities exchange, or any governmental authority, imposes, as to the Certificates or obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, or financial responsibility requirements of, the Underwriter;

(h) a general banking moratorium is established by federal, New York or State authorities;

(i) any legislation, ordinance, rule or regulation is introduced in or be enacted by any governmental body, department or agency in the State or a decision of a court of competent jurisdiction within the State is rendered, which, in the opinion of the Underwriter, after consultation with the Corporation and the District, materially adversely affects the market price of the Certificates;

(j) any federal or California court, authority or regulatory body takes action materially and adversely affecting the payment or receipt of the principal and interest on the Certificates;

(k) any withdrawal, downgrading or placement on credit watch negative of any underlying rating of any securities of the Corporation or the District by a national municipal bond rating agency that, in the opinion of the Underwriter, adversely affects the market price of the Certificates;

(l) an event occurs which in the reasonable opinion of the Underwriter requires a supplement or amendment to the Official Statement and: (i) the District or the Corporation refuses to prepare and furnish such supplement or amendment; or (ii) in the reasonable judgment of the Underwriter, the occurrence of such event materially and adversely affects the marketability of the Certificates or the ability of the Underwriter to enforce contracts for the sale of the Certificates;

(m) additional material restrictions that are not in force as of the date hereof shall have been imposed upon trading in securities generally by any domestic governmental authority or by any domestic national securities exchange, which are material to the marketability of the Certificates; or

(n) the commencement of any action, suit or proceeding that is described in Section 5(e) and 6(e).

Section 12. Payment of Expenses. (a) The Underwriter will be under no obligation to pay, and the Corporation and/or the District will pay the following expenses incident to the performance of the Corporation's and the District's obligations hereunder:

(i) the fees and disbursements of the Corporation's and District's municipal advisor and of Special Counsel and Disclosure Counsel;

(ii) the cost of printing and delivering the Certificates, the Preliminary Official Statement and the Official Statement (and any amendment or supplement prepared pursuant to Sections 5 and 6 of this Purchase Contract);

(iii) the fees and disbursements of accountants, advisers and of any other experts or consultants retained by the Corporation or the District; and

(iv) any other expenses and costs of the Corporation and the District incident to the performance of their respective obligations in connection with the authorization, issuance and sale of the Certificates, including out-of-pocket expenses and regulatory expenses, and any other expenses agreed to by the parties.

(b) The District and the Corporation will be under no obligation to pay, and the Underwriter will pay, any fees of the California Debt and Investment Advisory Commission, the cost of obtaining CUSIP numbers, the cost of preparation of any "blue sky" or legal investment memoranda and this Purchase Contract; and all other expenses incurred by the Underwriter in connection with its public offering and distribution of the Certificates (except those specifically enumerated in paragraph (a) of this section), including the fees and disbursements of Underwriter's Counsel, meals, transportation and lodging (but not entertainment expenses), and any advertising expenses in connection with the public offering of the Certificates.

Section 13. Notices. Any notice or other communication to be given to the Corporation or the District under this Purchase Contract may be given by delivering the same in writing to the Corporation and the District at the addresses set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Underwriter under this Purchase Contract may be given by delivering the same in writing to Stifel, Nicolaus & Company, Incorporated, 515 South Figueroa Street, Suite 1800, Los Angeles, California 90071, Attention: Thomas Jacob.

Section 14. Survival of Representations, Warranties, Agreements. All of the Corporation's and the District's representations, warranties and agreements contained in this Purchase Contract will remain operative and in full force and effect regardless of: (a) any investigations made by or on behalf of the Underwriter; or (b) delivery of and payment for the Certificates pursuant to this Purchase Contract. The agreements contained in this Section and in Section 12 will survive any termination of this Purchase Contract.

Section 15. Benefit; No Assignment. This Purchase Contract is made solely for the benefit of the Corporation, the District and the Underwriter (including its successors and assigns), and no other person will acquire or have any right hereunder or by virtue hereof. The rights and obligations created by this Purchase Contract are not subject to assignment by the Underwriter, the Corporation or the District without the prior written consent of the other parties hereto.

Section 16. Severability. In the event that any provision of this Purchase Contract is held invalid or unenforceable by any court of competent jurisdiction, such holding will not invalidate or render unenforceable any other provision of this Purchase Contract.

Section 17. Counterparts. This Purchase Contract may be executed in any number of counterparts, all of which taken together will constitute one agreement, and any of the parties hereto may execute the Purchase Contract by signing any such counterpart.

Section 18. Governing Law. This Purchase Contract will be governed by the laws of the State.

Section 19. Effectiveness. This Purchase Contract will become effective upon the execution of the acceptance hereof by an authorized officer of the Corporation and the District, and will be valid and enforceable as of the time of such acceptance.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**, as Underwriter

By: _____
Authorized Officer

Accepted:

**CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION**

By: _____
Authorized Representative

Time of Execution: _____ California Time

CRESCENTA VALLEY WATER DISTRICT

By: _____
Authorized Representative

Time of Execution: _____ California Time

EXHIBIT A

MATURITY SCHEDULE

Maturity (____ 1)	Principal Amount	Interest Rate	Yield	Price	10% Test Satisfied*	10% Test Not Satisfied	Subject to Hold-The- Offering- Price Rule
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T: Term Certificate.

C: Priced to optional redemption date of ____ 1, 20__, at par.

* At the time of execution of this Purchase Contract and assuming orders are confirmed immediately after the execution of this Purchase Contract.

REDEMPTION*

Optional Redemption. The Certificates with stated maturities on or after [____ 1], 20__, are subject to optional prepayment prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed by the District in a written request provided to the Trustee and by lot within each maturity in integral multiples of \$5,000, on ____ 1, 20__ and any date thereafter, from amounts prepaid by the District pursuant to the Installment Purchase Agreement, at a prepayment price equal to the principal amount of such Certificates to be prepaid plus accrued interest evidenced and represented thereby to the date fixed for prepayment, without premium.

Mandatory Sinking Fund Prepayment. The Certificates with stated maturities on [____ 1], 20__ are subject to mandatory sinking fund prepayment prior to such stated maturity, in part (by lot) on [____ 1], 20__ and each [____ 1] thereafter in integral multiples of \$5,000 solely from scheduled Installment Payments paid by the District under the Installment Purchase Agreement, at a prepayment price of the principal amount thereof (together with accrued interest evidenced to the date fixed for prepayment), without premium, in accordance with the following schedule.

Prepayment Date
([_____ 1])

Principal
Amount

\$

†

† Final Maturity.

If some but not all of the Certificates maturing on [_____ 1], 20__ are optionally prepaid, the principal amount of the applicable Certificates to be prepaid pursuant to mandatory sinking fund prepayments on any subsequent [_____ 1] will be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Certificate of the District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of the applicable Certificates optionally prepaid.

EXHIBIT B

**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020
15c2-12 CERTIFICATE**

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of Crescenta Valley Water District (the "District") and the Crescenta Valley Water District Financing Corporation (the "Corporation"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the District and the Corporation as follows:

(1) This Certificate is delivered in connection with the offering and sale of the Certificates captioned above (the "Certificates") in order to enable the underwriter of the Certificates to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule").

(2) In connection with the offering and sale of the Certificates, there has been prepared a Preliminary Official Statement, setting forth information concerning the Certificates, the Corporation and the District (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" means the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Certificates depending on such matters, all with respect to the Certificates.

(4) The Preliminary Official Statement is, except for the Permitted Omissions, deemed final within the meaning of Rule 15c2-12, and the information therein is accurate and complete except for the Permitted Omissions.

Dated:

CRESCENTA VALLEY WATER DISTRICT

By: _____
Authorized Officer

**CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION**

By: _____
Authorized Officer

EXHIBIT C

\$ _____

**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020**

CLOSING CERTIFICATE OF THE CORPORATION

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the Crescenta Valley Water District Financing Corporation (the "Corporation"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Corporation as follows:

(i) The representations, warranties and covenants of the Corporation contained in the Purchase Contract dated _____, 2020, among the Corporation, the Crescenta Valley Water District and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Purchase Contract"), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The Corporation Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented.

(iii) The Corporation has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the Corporation, whether or not arising in the ordinary course of the operations of the Corporation, as described in the Official Statement.

(v) The Preliminary Official Statement as of its date and the date of the Purchase Contract and the Official Statement as of its date and the date of the Closing (other than any information it contains concerning The Depository Trust Company and the book-entry system for the Certificates or provided by the Underwriter) do not contain any untrue or misleading statement of a material fact and do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract.

Dated:

**CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION**

By: _____
Authorized Officer

EXHIBIT D

\$ _____

**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020**

CLOSING CERTIFICATE OF THE DISTRICT

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of the Crescenta Valley Water District (the "District"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the District as follows:

(i) The representations, warranties and covenants of the District contained in the Purchase Contract dated _____, 2020, among the District, the Crescenta Valley Water District Financing Corporation and Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Purchase Contract"), are true and correct and in all material respects on and as of the date of the Closing with the same effect as if made on the date of the Closing.

(ii) The District Resolution is in full force and effect at the date of the Closing and has not been amended, modified or supplemented.

(iii) The District has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to the date of the Closing.

(iv) Subsequent to the date of the Official Statement and on or prior to the date of such certificate, there has been no material adverse change in the condition (financial or otherwise) of the District, whether or not arising in the ordinary course of operations, as described in the Official Statement.

(v) The Preliminary Official Statement as of its date and the date of the Purchase Contract and the Official Statement as of its date and the date of the Closing (other than any information it contains concerning The Depository Trust Company and the book-entry system for the Certificates or provided by the Underwriter) do not contain any untrue or misleading statement of a material fact and do not omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract.

Dated:

CRESCENTA VALLEY WATER DISTRICT

By: _____
Authorized Officer

EXHIBIT E

\$ _____

CRESCENTA VALLEY WATER DISTRICT REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020

CLOSING CERTIFICATE OF TRUSTEE

The undersigned hereby certifies and represents that he or she is the duly appointed and acting representative of U.S. Bank National Association (the "Trustee"), and is duly authorized to execute and deliver this Certificate and further hereby certifies and reconfirms on behalf of the Trustee as follows:

(i) the Trustee has all necessary power to enter into the following documents (the "Trustee Documents"): (i) a Trust Agreement, dated as of September 1, 2020 (the "Trust Agreement"), by and among the Corporation, the Crescenta Valley Water District and the Trustee; and (ii) Assignment Agreement dated as of September 1, 2020 (the "Assignment Agreement"), between the Crescenta Valley Water District Financing Corporation and the Trustee,;

(ii) The Trustee Documents have been duly authorized, executed and delivered by the Trustee, and the Trustee Documents each constitute the legal, valid and binding obligation the Trustee enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles, if equitable remedies are sought;

(iii) No consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the Trustee that has not been obtained is or will be required for the execution and delivery of the Trustee Documents or the performance by the Trustee of its duties and obligations under the Trustee Documents;

(iv) The execution and delivery by the Trustee of the Trustee Documents and compliance with the terms of the Trustee Documents will not conflict with, or result in a violation or breach of, or constitute a default under, any material agreement or material instrument to which the Trustee is a party or by which it is bound, or any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over the Trustee or any of its activities or properties (except that no representation, warranty or agreement need be made by such counsel with respect to any federal or State securities or blue sky laws or regulations);

(v) To the best knowledge of the Trustee, after due inquiry, there is no action, suit, proceeding or investigation, at law or in equity, before or by any court or governmental agency, public board or body pending, or threatened against the Trustee which in the reasonable judgment of the Trustee would affect the existence of the Trustee or in any way contesting or affecting the validity or enforceability of the Documents or contesting the powers of the Trustee or its authority to enter into and perform its obligations thereunder; and

(vi) the Trustee has duly executed the Certificates.

Capitalized terms used but not defined herein have the meanings given in the Purchase Contract dated _____, 2020, among the District, the Corporation and Stifel, Nicolaus & Company, Incorporated, as underwriter.

Dated:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____
Authorized Officer

EXHIBIT F

\$ _____

CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020

CERTIFICATE OF MUNICIPAL ADVISOR

The undersigned hereby states and certifies:

(i) that the undersigned is an authorized officer of Campanile Group, Inc. (the "Municipal Advisor"), which has acted as municipal advisor to the Crescenta Valley Water District (the "District") and the Crescenta Valley Water District Financing Corporation (the "**Corporation**") in connection with the execution and delivery of the above-referenced certificates (the "Certificates"), and as such, is familiar with the facts herein certified and is authorized and qualified to certify the same;

(ii) that the Municipal Advisor has reviewed the Preliminary Official Statement dated _____, 2020 and the final Official Statement dated _____, 2020 (the "Official Statement") relating to the Certificates; and

(iii) that nothing has come to the attention of the Municipal Advisor which would lead it to believe that the Preliminary Official Statement as of the date of the pricing of the Certificates or its date or the Official Statement as of its date or the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

Dated:

CAMPANILE GROUP, INC.,
as Municipal Advisor

By: _____
Authorized Officer

EXHIBIT G

\$ _____

CRESCENTA VALLEY WATER DISTRICT REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020

ISSUE PRICE CERTIFICATE

The undersigned, Stifel, Nicolaus & Company, Incorporated ("Stifel"), hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Certificates").

1. **Bond Purchase Contract.** On _____, 2020 (the "Sale Date"), Stifel, the Issuer, and the Crescenta Valley Water District Financing Corporation executed a Purchase Contract (the "Purchase Contract") in connection with the sale of the Certificates. Stifel has not modified the Purchase Contract since its execution on the Sale Date.
2. **Price.**
 - (a) As of the date of this Certificate, for each [Maturity][of the General Rule Maturities] of the Certificates, the first price at which at least 10% of [each] such Maturity of the Certificates was sold to the Public (the "10% Test") was the respective price for such Maturity listed in **Schedule A** attached hereto.
 - (b) [Stifel offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in **Schedule A** (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Certificates is attached to this certificate as **Schedule B**.
 - (c) As set forth in the Bond Purchase Contract, Stifel has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Certificates of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Certificates during the Holding Period.]
 - (d) [**** With respect to each of the General Rule Maturities of the Certificates:**
 - (1) As of the date of this Certificate, Stifel has not sold at least 10% of the Certificates of these Maturities at any single price.
 - (2) As of the date of this Certificate, Stifel reasonably expects that the first sale to the Public of Certificates of these Maturities will be at or below the respective price or

prices listed on the attached **Schedule A** as the “Reasonably Expected Sale Prices for Undersold Maturities.”

- (3) Stifel will provide actual sales information (substantially similar to the information contained on **Schedule B**) as to the price at which the first 10% of each such Maturity (i.e., the Undersold Maturity or Maturities) is sold to the Public.
- (4) On the date the 10% Test is satisfied with respect to all Maturities of the Certificates, Stifel will execute a supplemental certificate substantially in the form attached hereto as **Schedule C** with respect to any remaining Maturities for which the 10% Test has not been satisfied as of the Closing.**]

3. **Defined Terms.**

- (a) “*General Rule Maturities*” means those Maturities of the Certificates listed in Schedule A hereto as the “General Rule Maturities.”
- (b) “*Hold-the-Offering-Price Maturities*” means those Maturities of the Certificates listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”
- (c) “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (_____, 2020), or (ii) the date on which Stifel has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.
- (d) “*Issuer*” means the Crescenta Valley Water District.
- (e) “*Maturity*” means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (f) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (g) “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

- 4. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax

Certificate of the Issuer dated _____, 2020 and with respect to compliance with the federal income tax rules affecting the Certificates, and by Special Counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Managing Director

By: _____
Director

Dated:

SCHEDULE A
TO
ISSUE PRICE CERTIFICATE

[Schedules to be updated at pricing in the event there are Hold-the-Offering-Price-Maturities]

Actual Sales Information as of Date of the Closing

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	---------------	------------------	------------------	-------------------	-------------------

[**Reasonably Expected Sales Prices for Undersold Maturities as of Date of the Closing

<u>Maturity/CUSIP</u>	<u>Coupon</u>	<u>Par Amount</u>	<u>Offering Prices</u>
-----------------------	---------------	-------------------	------------------------

**]

[**SCHEDULE B
TO
ISSUE PRICE CERTIFICATE

Actual Sales for Undersold Maturities as of the Date of the Closing

<u>Maturity/CUSIP</u>	<u>Date Sold</u>	<u>Time Sold</u>	<u>Par Amount</u>	<u>Sale Price</u>
-----------------------	------------------	------------------	-------------------	-------------------

**]

[**SCHEDULE C
TO
ISSUE PRICE CERTIFICATE

SUPPLEMENTAL ISSUE PRICE CERTIFICATE OF UNDERWRITER

\$ _____
**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2020**

The undersigned, Stifel, Nicolaus & Company, Incorporated ("Stifel"), hereby certifies as set forth below with respect to the execution, delivery and sale of the above-captioned obligations (the "Certificates").

1. Issue Price.

- (a) Stifel sold at least 10% of the _____ Maturities of the Certificates to the Public at the price or prices shown on the Issue Price Certificate dated as of the date of the Closing (the "10% Test"). With respect to each of the _____ Maturities of the Certificates, Stifel had not satisfied the 10% Test as of the date of the Closing (the "Undersold Maturities").
- (b) As of the date of this Supplemental Certificate, Stifel has satisfied the 10% Test with respect to the Undersold Maturities. The first price or prices at which at least 10% of each such Undersold Maturity was sold to the Public are the respective prices listed on Exhibit A attached hereto.

2. Defined Terms.

- (a) "*Issuer*" means the Crescenta Valley Water District.
- (b) "*Maturity*" means Certificates with the same credit and payment terms. Certificates with different maturity dates, or Certificates with the same maturity date but different stated interest rates, are treated as separate Maturities.
- (c) "*Public*" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.
- (d) "*Underwriter*" means (1) any person that agrees pursuant to a written contract with the Issuer (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Certificates to the Public, and (2) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (1) of this paragraph to participate in the initial sale of the Certificates to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Certificates to the Public).

3. The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Stifel's interpretation of any laws, including specifically Sections

103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate of the Issuer dated _____, 2020 and with respect to compliance with the federal income tax rules affecting the Certificates, and by Special Counsel, in connection with rendering its opinion that the interest on the Certificates is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Certificates.

STIFEL, NICOLAUS & COMPANY, INCORPORATED

By: _____
Managing Director

By: _____
Director

Dated:

EXHIBIT A
TO
SUPPLEMENTAL ISSUE PRICE CERTIFICATE**]

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT dated September __, 2020 (the “Disclosure Agreement”) is executed and delivered by the Crescenta Valley Water District (the “District”) and Campanile Group, Inc., as dissemination agent (the “Dissemination Agent”) in connection with the execution and delivery of \$[PAR] Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of September 1, 2020 (the “Trust Agreement”), by and among the District, the Crescenta Valley Water District Financing Corporation (the “Corporation”) and U.S. Bank National Association, as trustee (the “Trustee”). The District covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the District and U.S. Bank National Association, as Dissemination Agent for the benefit of the Holders and Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“Dissemination Agent” shall mean Campanile Group, Inc., or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

“Fiscal Year” shall mean the twelve-month period ending on the last day of June of each year.

“Holder” means a registered owner of the Certificates.

“Installment Purchase Agreement” shall mean that certain Installment Purchase Agreement executed and entered into as of September 1, 2020, by and between the District and the Corporation.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“National Repository” shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are included in a list which is maintained on the Internet at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Participating Underwriter” shall mean any of the original underwriters of the Certificates required to comply with the Rule in connection with offering of the Certificates.

“Repository” shall mean EMMA, or a successor repository designated by the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than each [Month], commencing with the report due on [Date], provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) Not later than fifteen (15) Business Days prior to said due date of each Annual Report, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the District shall send, or cause to be sent, a notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository, if any; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. The Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the District for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) If not included in the audited financial statements, any change of the financial information and operating data with respect to the District, for only the most recent fiscal year of the District then ended, as described in the following tables in the Official Statement:

(i) [LIST OF TABLES TO BE PROVIDED].

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(b) Pursuant to the provisions of this Section 5, the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Certificates, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Certificates or other events affecting the tax status of the Certificates;
2. modifications to the rights of Certificates holders;
3. optional, unscheduled or contingent Certificates prepayments;
4. release, substitution or sale of property securing repayment of the Certificates;
5. non-payment related defaults;
6. the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
7. appointment of a successor or additional trustee or the change of the name of a trustee; and
8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect security holders.

(c) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the District shall file, or cause to be filed, a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the occurrence of event.

(d) For purposes of the events identified in subparagraphs (a)(10) and (b)(8), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

SECTION 6. Termination of Reporting Obligation. The District’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If such termination occurs prior to the final maturity of the Certificates, the District shall give, or cause to be given, notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Agreement. The Dissemination Agent

may resign by providing thirty (30) days' written notice to the District; provided, however, that such resignation will not become effective until the District has secured a successor Dissemination Agent in accordance with the terms of this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, (a) in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule or (b) the amendment or waiver either (i) is approved by the Owners of the Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Certificates. In the event of any amendment or waiver of a provision of this Disclosure Agreement, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Holders or Beneficial Owners of the Certificates may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to make such filing. Notwithstanding the foregoing, no action may be undertaken by Holders or Beneficial Owners of the Certificates with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of Holders or Beneficial Owners of at least 50% of the aggregate principal amount of the Certificates. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Trust Agreement or the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the District to comply with this Disclosure Agreement shall be an action to compel performance.

No Holders or Beneficial Owners may institute such action, suit or proceeding to compel performance unless they shall have first delivered to the District satisfactory written evidence of their status as Holders or Beneficial Owners and a written notice of and request to cure such failure, and the District shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations shall be read into this Disclosure Agreement against the Dissemination Agent, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out

of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees provided to the District and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Certificates. The Dissemination Agent has no power to enforce the nonperformance on the part of the District.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Dated: September [___], 2020

CRESCENTA VALLEY WATER DISTRICT

By: _____
Its: President

CAMPANILE GROUP, INC., as Dissemination
Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: CRESCENTA VALLEY WATER DISTRICT

Name of Issue: REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2020

Date of Execution
and Delivery September [___], 2020

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Certificates as required by the Continuing Disclosure Agreement approved pursuant to a Resolution adopted by the Board of Directors of the District on [____], 2020. The District anticipates that the Annual Report will be filed by _____.

Dated: _____

CRESCENTA VALLEY WATER DISTRICT

By _____