

CRESCENTA VALLEY WATER DISTRICT

**2700 Foothill Boulevard
La Crescenta, California**

**Agenda for the
Regular Meeting of the Board of Directors
of the Crescenta Valley Water District
to be held on Tuesday, December 12, 2023, at 7:00 p.m.**

Posted: Friday, December 8, 2023 at 7:00 p.m.

This meeting will be conducted in person at the address listed above. Members of the public may also participate virtually by 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: 872 3831 1667

Those members of the public who are able to and would like to additionally participate through computer may access the Zoom audio & video conferencing tool available at the following link:

<https://us02web.zoom.us/j/87238311667>

If there is a disruption of service, this meeting will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required.

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 customer service, at (818) 248-3925 or customerservice@cvwd.com by 3pm on December 12, 2023.

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 and Determination of Quorum

Pledge of Allegiance

Adoption of Agenda

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-minute (3) comment. Under the provisions of the Brown Act, the Board is prohibited from taking action on items not listed on the agenda, except under certain circumstances.

Foothill Municipal Water District Report

1. Report on activities at Foothill Municipal Water District.

Consent Calendar

1. Consideration and approval of the Minutes of the Regular Board Meeting on November 14, 2023.

Action Calendar

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

1. **Board Organization** – Election of the President and Vice President of the Board of Directors for 2024.
2. **Resolution No. 790 – Bond Financing Documents** – Consideration and motion to adopt Resolution No. 790 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.
3. **Investment Policy for 2024** – Consideration and motion to adopt Resolutions No. 791 outlining the District's Investment Policy for 2024.
4. **E-1046 Orange Ave Pipeline Final Paving and Project Closeout** – Consideration and motion to authorize the General Manager to adjust Bid Item #2 to omit final paving with J. Vega and pursue final paving with Paveco Construction Incorporated at a cost not to exceed \$95,000. Additionally, consideration and motion to authorize the General Manager to increase the contingency for E-1046 by 7%.
5. **Request for Proposals for General Counsel Legal Services** – Discussion regarding the issuance of a request for proposals for general counsel legal services.
6. **Public Opinion Research Survey** – Discussion regarding survey questions for public opinion research.

Information Items

Written Communications to District/Board of Directors

General Manager's Report

Attorney Report

Reports of Committees

- Engineering Committee
- Finance Committee
- Employee Relations Committee
- Policy Committee
- Community Relations/Water Conservation Committee
- Emergency Planning Committee
- Technology Committee

Directors' Oral Reports – Reports on issues, meetings, or activities attended by Directors.

Board Members' Request for Future Agenda Items

Closed Session

Conference with Legal Counsel – Existing Litigation

(Paragraph (1) of subdivision (d) of Section 54956.9)

Name of case: *Plone Trust, et al. v. Kalousd Pandazos, et al.*, Los Angeles Superior Court Case No. 21STCV19845; and *Perry Lazar, et al. v. County of Los Angeles, et al.*, Los Angeles Superior Court Case No. 22STCV34822.

Adjournment

A meeting of the Crescenta Valley Water District Finance Corporation will immediately follow this meeting.



CRESCENTA VALLEY WATER DISTRICT REGULAR MEETING, BOARD OF DIRECTORS

November 14, 2023

Pursuant to the order of the Board of Directors of the Crescenta Valley Water District made at the Adjourned Regular Meeting on October 24, 2023, a Regular Meeting was held on November 14, 2023, at 7:00 p.m. at the District office at 2700 Foothill Blvd., La Crescenta, California and through audio and video conference. A call-in number was clearly noted on the meeting Agenda, posted in accordance with the Brown Act, with Vice President James Bodnar presiding.

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

Directors:

**James D. Bodnar
Kerry D. Erickson
Jeffery W. Johnson
Sharon S. Raghavachary (virtual)
Judy L. Tejada**

Attorney:

Thomas Bunn

General Manager:

James Lee

**Interim Director of Engineering
and Operations:**

Brook Yared

Staff Members:

**Patrick Atwater, Regulatory & Public Affairs Manager
Pam Leddy, Administrative Assistant
Arturo Montes, Finance & Administration Manager
Elias Sebhatu, Senior Engineer
Adam Sutphin, Senior Management Analyst
Darlene Telles, Operations & Maintenance Manager**

Guests:

**Frank Colcord, Foothill Municipal Water District
Michael & Lupe Chonos**

PLEDGE OF ALLEGIANCE

Director Erickson opened the meeting by leading the Directors and staff in reciting the Pledge of Allegiance.

ADOPTION OF AGENDA

It was moved by Director Erickson, seconded by Director Johnson, and carried by a 5-0 roll call vote that the Agenda for the Regular Meeting of November 14, 2023, be adopted as presented.

AYES: Director Raghavachary
Director Bodnar
Director Erickson
Director Johnson
Director Tejada

NOES: None

PUBLIC COMMENTS – Mr. Chonos requested that staff schedule community meetings with the Board of Directors to hear concerns and answer questions that they have regarding the District.

FOOTHILL MUNICIPAL WATER DISTRICT REPORT – No report.

CONSENT CALENDAR

It was moved by Director Erickson, seconded by Director Johnson and carried by a 5-0 roll call vote to approve the Minutes of the Adjourned Regular Board Meeting held on October 24, 2023, and to ratify the disbursements for October 2023 which consisted of:

Payment of demands against the Crescenta Valley Water District on or before October 2023, the same having been approved by the General Manager, and heretofore paid, are to be ratified and approved subject to audit, in the aggregate sum of One-Million, Six-Hundred Eleven Thousand, Seven-Hundred Two Dollars and Sixty-Eight Cents (\$1,611,702.68), which is composed of the individual items set forth herein.

AYES: Director Raghavachary
Director Bodnar
Director Erickson
Director Johnson
Director Tejada

NOES: None

ACTION CALENDAR

Resolution No. 788 – Mr. Montes announced that the Finance and Policy Committees had directed staff to present an expanded Bill Assistance Program that incorporated the following changes; Amendment 1: Increase the income levels from 200% of the Federal Poverty Guidelines to 250%; Amendment 2: Increase the current assistance from a 20% to a 25% discount on the combined bill for water, wastewater, and/or wastewater standby charges; and Amendment 3: Include a discount of 25% of the capital charge for owner-occupied accounts that meet qualifications. Mr. Montes noted that the name of the program was changed from “Low Income Discount Program” to “Bill Assistance Program”.

Following discussion:

It was moved by Director Johnson, seconded by Director Erickson, and carried by a 5-0 roll call vote to adopt Resolution No. 788 authorizing the expansion of the District's Bill Assistance Program incorporating Amendments 1 and 2.

AYES: Director Raghavachary
Director Bodnar
Director Erickson
Director Johnson
Director Tejada

NOES: None

Resolution No 789 – Mr. Montes stated that the District uses credit cards to facilitate purchases, streamline payments, and earn cash-back discounts. Mr. Montes noted that the auditors recommended that the District adopt a Credit Card policy and presented Resolution No. 789 to create Appendix V of the Rules and Regulations for the Board's consideration.

Following discussion:

It was moved by Director Erickson, seconded by Director Johnson, and carried by a 5-0 roll call vote to adopt Resolution No. 789 authorizing the creation of the District's Credit Card Policy.

AYES: Director Raghavachary
Director Bodnar
Director Erickson
Director Johnson
Director Tejada

NOES: None

Annual Contract for Booster Pump, Well Rehabilitation, and Maintenance Services – Mr. Yared presented a proposal received from General Pump Company for FY 23/24 Annual Well and Pump Maintenance & Emergency Services, and included a breakdown of the cost summary to include Well Rehabilitation (CIP), Booster Pump Rehabilitation (CIP), Annual Booster Pump Inspection and Maintenance Service, and Emergency Pump & Motor Services. Mr. Yared added that additionally, a temporary submersible booster pump has been installed at Paschall B (Booster 17) due to an emergency failure on August 2, 2023, and that the rehabilitation of Paschall B booster will replace the rehabilitation of Mills B within the FY 23/24 CIP budget.

Following discussion:

It was moved by Director Bodnar, seconded by Director Johnson, and carried by a 5-0 roll call vote authorize the General Manager to award a contract to General Pump Company to provide services for booster pump and well rehabilitation, emergency response, and pump and well maintenance at

an estimated initial cost of \$356,100 and to find said project exempt from the provisions of the California Environmental Quality Act (CEQA), as well as authorize the General Manager to engage in emergency services with General Pump company under this contract as long as it does not exceed the amount budgeted for in FY 23/24 without prior Board approval.

AYES: **Director Raghavachary**
 Director Bodnar
 Director Erickson
 Director Johnson
 Director Tejeda

NOES: **None**

INFORMATION ITEMS – Judy Tejeda Reservoir Site dedication sign, CV Weekly, October 26, 2023 “News for the CVWD”, CV Weekly, October 26th, November 2nd & 9th “CVWD Looking to Fill Board Vacancy”, CV Weekly October 26th, November 2nd & 9th “Notice of Recruitment for Board of Directors”.

WRITTEN COMMUNICATIONS TO DISTRICT – No written communications

GENERAL MANAGER – Mr. Lee presented Crescenta Valley Water District’s Investment Portfolio Report as of September 30, 2023 for comments and review by the Board of Directors. Mr. Lee announced that a crew from La Canada Irrigation District (LCID) provided mutual aid with the repairs made at Rosemont overcrossing main break, following an earlier job where CVWD staff had provided training for LCID staff. Mr. Lee shared that staff participated in regional emergency preparedness tabletop exercises with local agencies, and that the bond financing has almost been completed and should be ready to be presented at the next Board meeting. Mr. Lee announced that Arturo Montes, Christina Kopelman, Morgen Durose, and he had participated in the “Climb for Heroes” event in Mt. Baldy and raised \$1,250 for the Heroes Project organization supporting veterans. Mr. Lee invited directors to the Thanksgiving potluck lunch on November 21st. Ms. Telles provided highlights of the Field Operations report for the month of October. Mr. Yared shared that 105.6 MG of water was produced for the month of October, representing a 47%/53% split and provided highlights of the October Engineering Report.

ATTORNEY REPORT – No report.

REPORTS OF COMMITTEES

Engineering & Operations Committee – Mr. Yared reported that the Committee had met on November 8, 2023 and discussed the status of local water supply, conversion to chloramine disinfection project, LADWP-CVWD emergency interconnection, Rosemont overcrossing, Montrose pipeline replacement, 23/24 CIP update, and PFAS update and discussion. A meeting will be scheduled as needed.

Finance Committee – Mr. Montes reported that the Committee had not met; however, a meeting will be scheduled as needed.

Employee Relations Committee – Director Bodnar reported that the Committee had not met; however, a meeting will be scheduled as needed.

Policy Committee – Director Raghavachary reported that the Committee had met on November 7, 2023 and discussed the items addressed during the Board meeting. A meeting will be scheduled as needed.

Community Relations/Water Conservation Committee – Director Johnson reported that the Committee had not met; however, a meeting will be scheduled as needed.

Emergency Planning Committee – Mr. Lee reported that the Committee had not met; however, a meeting will be scheduled as needed.

Executive Committee – Director Raghavachary reported that the Committee had not met; however, a meeting is scheduled for November 20, 2023.

Technology Committee – Director Bodnar reported that the Committee had not met; however, a meeting will be scheduled as needed.

DIRECTORS' ORAL REPORTS

Director Bodnar – Reported that he attended the Halloween Chili Cook-off event at the Glenwood facility.

Director Erickson – Reported that he attended the Veteran's Day services at Two Strike Park.

Director Johnson – Shared that the "Heroes Project" website has a link for any interested in contributing to their organization benefiting Veterans.

Director Raghavachary – No report

Director Tejeda – No report

BOARD MEMBERS REQUESTS FOR FUTURE AGENDA ITEMS – None

CLOSED SESSION – No reportable action

ACTION CALENDAR

ADJOURNMENT

There being no other business to come before the Board, at 8:45 p.m., the meeting was adjourned to December 12, 2023, at 7:00 p.m.

APPROVED

Sharon S. Raghavachary
President

James Lee
General Manager

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: James Lee – General Manager
Subject: **Board Organization for 2024**

ACTION ITEM:

Board Organization – Election of the President and Vice President of the Board of Directors for 2024.

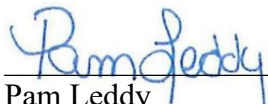
BACKGROUND/DISCUSSION:

This is a placeholder for Board discussion.

RECOMMENDATION:

NA.

Prepared by:


Pam Leddy
Administrative Assistant

Submitted by:


James Lee
General Manager

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 2
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: Arturo Montes, Finance and Administration Manager
Subject: **Authorization of Bond Financing Documents for the 2024 Revenue Certificates of Participation**

ACTION ITEM:

Consideration and motion to adopt Resolution No. 790 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.

BACKGROUND:

During the June 27, 2023 Board meeting, the Board directed staff to initiate the bond financing process for the first of two financings over six years. This represents a continued adherence to the District's Long-Term Infrastructure and Funding Roadmap, a 20-year plan first implemented in 2020. Subsequent actions include development of a Reserve Policy, a three-year rate increase schedule, a 2020 bond issuance and refinancing, and the implementation of the recent capital charge. The capital charge will fund the debt service for the 2024 Revenue Certificates of Participation and future issuance(s).

DISCUSSION:

Of the 2020 bond issuance, \$10.4 million currently remains outstanding. The 2020 bonds mature in 2050 and have annual payment requirements of approximately \$580,000.

The proposed 2024 bond issue of \$12.2 million will have average annual payments of approximately \$780,000 over 30 years.

<u>Issue</u>	<u>Outstanding Principal</u>	<u>Avg. Annual Payments</u>	<u>Final Maturity</u>
2020 Certificates	\$10.4 million	\$580,000	2050
2024 Certificates*	\$12.2 million ¹	\$780,000	2053
Average Totals	\$22.6 million	\$1.4 million	2053

**Based on market conditions as of December 5, 2023. Subject to change.*

Market Update – The Federal Reserve (Fed) has increased its benchmark rate eleven times since the beginning of 2022 in an effort to slow significant inflation. However, at the last two meetings, the benchmark rate was left unchanged, as the Fed assesses the impact of its rate hikes on the market. While the Fed has one meeting left in the calendar year on December 13, 2023, the market widely expects no change in the benchmark rate amid cooling inflation. A few important points to consider:

¹ The outstanding principal reflects three years of pipeline capital improvement projects and the cost of issuing the bonds. The amount is an estimate and can change depending market conditions and project fund needs.
Outstanding Principal (12,200,000) = Project Funds (\$11,909,950) + Financing Charges (\$290,050)

- The 30-year tax-exempt bond index (MMD) peaked in October at 4.57% and is currently 3.73%.
 - The MMD bond index is the benchmark off of which all tax-exempt municipal bonds price and trade
- At this time, the expectation is that the District's bond issuance will likely be in the mid-4% to high-4%, depending on market conditions at the time of sale.

The District maintained its "AA-" credit rating from Standard and Poor's while more than doubling its debt load. S&P cited the District's proactive decisions regarding its rate structure and capital charge, and adhering to its operating/financial policies and long-term planning as the main drivers of preserving the "AA-" rating.

SUMMARY OF THE FINANCING DOCUMENTS

The subject Resolution being recommended for adoption authorizes and approves the forms of all of the legal documents (the "Financing Documents") necessary to provide for the successful execution and delivery of certificates of participation (the "2024 Certificates"). The adoption of the Resolution and Financing Documents are necessary to move forward with the financing.

The individual Financing Documents needed to complete this financing are included as attachments and are each briefly described below:

- Installment Purchase Agreement – This document is between the District and the District's Financing Corporation. The purpose of this document is to establish installment payments for the purchase of certain water system facilities, which installment payments will pay the principal and interest with respect to the 2024 Certificates. The installment payments are secured by a pledge of net water system revenues. This document contains a covenant to set water system rates and charges at levels that are expected to cover debt service on the 2024 Certificates, as well as the conditions that the District must meet in order to issue additional debt.
- Trust Agreement – This document is between the District, the Corporation, and the Trustee. The purpose of this document is to help protect the interests of the 2024 Certificate holders and set forth the material terms of the bonds such as, dated date, maturity date or dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, manner of execution, place or places of payment, terms of redemption and other terms of the 2024 Certificates.
- Assignment Agreement – This document is between the Corporation and Trustee. Under this agreement, the Corporation assigns its right to receive the installment payment from the District to the Trustee, the installment payments for which are used to pay debt service on the 2024 Certificates.
- Purchase Contract – This document contains the obligation of the Underwriter to accept and purchase the 2024 Certificates, provided that all of the covenants and representations of the District are met and certain other conditions excusing performance by the underwriter do not exist.
- Preliminary Official Statement ("POS") – This document will be distributed to prospective purchasers of the 2024 Certificates that must contain all facts material to the 2024 Certificates

and the District (with certain permitted exceptions to be completed in the final Official Statement) and must not omit any material facts. The POS is required to satisfy the District's obligation under federal securities laws to provide material information to potential purchasers of the 2024 Certificates and must be accurate and complete in all material respects.

- Continuing Disclosure Certificate – This document is delivered by the District for the benefit of owners of the bonds and in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission. This document describes various annual and periodic reporting and disclosure obligations of the District, while the 2024 Certificates are outstanding, as required by federal securities laws.

FISCAL IMPACT

Issuing 30-year certificates to fund approximately \$12 million for capital improvements increases the District's annual debt payments by \$780,000, from \$580,000 to \$1.4 million.

RECOMMENDATION

Adopt Resolution No. District 790 and authorize the execution and delivery of 2024 Revenue Certificates of Participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Prepared and Submitted by:



Arturo Montes
Finance & Administration Manager

Attachment(s): 1) Resolution No. District 790
2) Resolution No. 003
3) Installment Purchase Agreement
4) Trust Agreement
5) Assignment Agreement
6) Preliminary Official Statement
7) Purchase Contract

RESOLUTION NO. 790

A RESOLUTION OF THE BOARD OF DIRECTORS 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, 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; and

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 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 (the “Project”) 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 Trust Company, 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 \$20,000,000 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; and

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

WHEREAS, the District has incurred and expects to incur certain expenditures relating to the Project and to pay for such expenditures from the District’s moneys on hand prior to the execution and delivery of the Certificates (the “Reimbursement Expenditures”); and

WHEREAS, The District reasonably expects to use a portion of the proceeds of the Certificates to reimburse the District for Reimbursement Expenditures made prior to the date the Certificates are executed and delivered;

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 Best Best & Krieger 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 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 \$20,000,000 (except that such principal amount may be increased to provide original issue discount), nor shall the underwriter’s discount exceed 0.80% of the principal amount of the Certificates, nor shall the true interest cost exceed 6.00%.

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, with such changes, insertions and omissions as may be recommended or approved by General Counsel, Special Counsel and Kutak Rock LLP, as Disclosure 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 General Counsel, Special Counsel and Disclosure 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 \$20,000,000: (i) to construct and acquire certain capital improvements for the District's water system, as described in the Installment Purchase Agreement; (ii) fund a debt service reserve fund, if applicable; and (iii) 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, 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. Best Best & Krieger 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.

Section 11. The District hereby declares its official intent to use up to \$20,000,000 of the proceeds of the Certificates to reimburse itself for the Reimbursement Expenditures. It is intended that this resolution shall constitute a dedication of "official intent" within the meaning of Section 1.150.2 of Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.

Section 12. This resolution shall take effect immediately.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on December 12, 2023. Resolution No. 790 was adopted by the following vote:

AYES:

NOES:

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. 790 of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting held on December 12, 2023 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: December 12, 2023

(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 \$12,200,000 (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 4.51%.

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 \$290,050.

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 \$11,909,950.

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 \$23,050,876.

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.

RESOLUTION NO. 003

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT FINANCING 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

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”); and

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 (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 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 Trust Company, 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 \$20,000,000 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 \$20,000,000 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 fund a debt service reserve fund, if applicable, and (iii) to pay the costs of the sale and delivery of the Certificates.

SECTION 2. Certificate Documents. The forms of the Installment Purchase Agreement, the Assignment Agreement, the Trust Agreement and the 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 Best Best & Krieger 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, Special Counsel and Kutak Rock LLP, as Disclosure 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 General Counsel, Special Counsel and Disclosure 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, 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 Financing Corporation held on December 12, 2023. Resolution No. 790 was adopted by the following vote:

AYES:

NOES:

ATTEST:

**President, Board of Directors of the
Crescenta Valley Water District
Financing Corporation**

ATTEST:

**Secretary, Board of Directors of
the Crescenta Valley Water District
Financing Corporation**

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

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District Financing Corporation, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 003 of the Board of Directors of Crescenta Valley Water District Financing Corporation adopted at a Regular Meeting held on December 12, 2023 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: December 12, 2023

(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 \$12,200,000 (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 4.51%.

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 \$290,050.

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 \$11,909,950.

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 \$23,050,876.

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.

INSTALLMENT PURCHASE AGREEMENT

by and between

CRESCENTA VALLEY WATER DISTRICT

and

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

Dated as of _____ 1, 2024

Relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT is made and entered into and dated as of _____ 1, 2024, 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 “**2024 Project**”).

B. The Corporation has agreed to assist the District to finance the 2024 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.

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 2024 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 2024 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 2024 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 2024 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 2024 Installment Payment Date” means the second Business Day preceding each Payment Date pursuant to the Trust Agreement.

Installment Payments; Series 2024 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 2024 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 _____ 1, 2024, 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; 2024 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 “2024 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 _____ 1, 2024, 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 Trust Company, National Association, Los Angeles, California, acting in its capacity as Trustee under and pursuant to the Trust Agreement, and its successors and assigns.

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 2024 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 2024 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 2024 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 2024 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 2024 PROJECT

Section 3.1. Acquisition and Construction of the 2024 Project. The Corporation hereby agrees to cause the 2024 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 2024 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2024 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 2024 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 2024 Project. The District may substitute other improvements for those listed as components of the 2024 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 2024 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. Reserved.

Section 3.4. Purchase and Sale of the 2024 Project. In consideration for the Series 2024 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 2024 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 2024 Project shall vest in the District immediately upon acquisition of each component of the 2024 Project. 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 2024 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 2024 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 Certificate Payment Fund.

ARTICLE IV

SERIES 2024 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 2024 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 2024 Installment Payment Dates as set forth in Exhibit C hereto.

Each Series 2024 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 2024 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2024 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 2024 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 2024 Installment Payments as provided herein, and the Revenues shall not be used for any other purpose while any of the Series 2024 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 2024 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 2024 Installment Payment coming due on such Series 2024 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 2024 Installment Payments if the amount in the Certificate Payment Fund is at least equal to the amount of the Series 2024 Installment Payment due and payable on the next succeeding Series 2024 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 2024 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 Bonds issued or Contracts executed. 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 2024 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 2024 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 2024 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 or the moneys in the Revenue 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 2024 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 2024 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 2024 Installment Payments or to the Owners prior or superior to the lien of the Series 2024 Installment Payments or which might impair the security of the Series 2024 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 2024 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 2024 INSTALLMENT PAYMENTS

Section 7.1. Prepayment. The District may prepay the Series 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Project, the Water System or other assets of the District and no default hereunder shall result in the loss of the 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Installment Payments to their respective Series 2024 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 2024 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 2024 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 2024 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 2024 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2024 Installment Payments and shall be applied by the Trustee to the payment of the Series 2024 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 2024 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 2024 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 2024 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 2024 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 Trust Company, National Association
Attention: Global Corporate Trust
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6527

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.

[Remainder of Page Intentionally Left Blank]

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

Attest:

Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
President

Attest:

Secretary-Treasurer

EXHIBIT A

DESCRIPTION OF 2024 PROJECT

2024 PROJECT

The 2024 Project includes a variety of capital improvements to the Water System. These improvements include _____.

EXHIBIT B

FORM OF REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND

CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION (WATER SYSTEM IMPROVEMENT
PROJECTS), SERIES 2024

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 _____ 1, 2024 (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>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

EXHIBIT C

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____.
2. The installment payments of principal and interest are payable in the amounts and on the Series 2024 Installment Payment Dates as follows:

<i>Series 2024 Installment Payment Date</i>	<i>Series 2024 Installment Payments Attributable to Certificates</i>		<i>Semi-Annual Series 2024 Installment Payments</i>	<i>Total Annual Series 2024 Installment Payments</i>
	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>		
<i>Second Business Day Prior To:</i>				

	Series 2024 Installment Payments Attributable to Certificates			Total
Series 2024 Installment Payment Date	Amount Attributable to Principal	Amount Attributable to Interest	Semi-Annual Series 2024 Installment Payments	Annual Series 2024 Installment Payments
Second Business Day Prior To:				
TOTAL				

TRUST AGREEMENT

by and among

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

and

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

and

CRESCENTA VALLEY WATER DISTRICT

Dated as of _____ 1, 2024

Relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

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TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into and dated as of _____ 1, 2024 (the “**Agreement**”), by and among U.S. BANK TRUST COMPANY, 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 _____ 1, 2024, 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 _____ 1, 2024, 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, 2024; 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-Treasurer 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 Trust Company, 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-Treasurer 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 2024 Project, and the District has agreed to purchase the 2024 Project from the Corporation in order to finance the 2024 Project.

(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 2024 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 and deliver certificates of participation, to be denominated “Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024” 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 \$_____), together with a transfer from the District in the amount of \$_____ for a total of \$_____, shall be deposited with the Trustee, who shall: (i) deposit \$_____, representing costs of issuance, in the Delivery Cost Fund; and (ii) transfer \$_____ to the District for deposit in the Acquisition Fund. The above referenced transfers shall be made by the Trustee in accordance with wire transfer instructions provided to the Trustee by the District in writing, upon which Trustee may conclusively rely.

(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:

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

†

† Maturity.

(c) 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 (September 1)</i>	<i>Principal Amount</i>

†

† Maturity.

(d) 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 (September 1)</i>	<i>Principal Amount</i>

†

† Final Maturity.

If some but not all of the Certificates maturing on September 1, 20____, September 1, 20____ or 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, 2024) 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, 202__), 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. The Trustee shall, when required, establish a fund 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.

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 2024 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 depository, 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. 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 Trust Company, National Association
Attention: Global Corporate Trust
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6527

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, epidemics, pandemics 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.

[Remainder of Page Intentionally Left Blank]

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 TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
President

Attest:

Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT

By: _____
President

Attest:

Secretary-Treasurer

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 2024
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, ____	_____, 2024	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Revenue Certificate of Participation, Series 2024 (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 _____ 1, 2024 (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 Trust Company, 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, 2024, 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 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 _____ 1, 2024, 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, 2029, are subject to optional prepayment prior to their respective stated maturities, as a whole or in part on September 1, 2028 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.

TERM CERTIFICATES

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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Maturity.

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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Maturity.

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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Final Maturity.

If some but not all of the Certificates maturing on September 1, 20____, September 1, 20____ or 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: _____, 2024

U.S. BANK TRUST COMPANY, 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, _____, 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 _____ 1, 2024 (the “Trust Agreement”), by and among U.S. Bank Trust Company, 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>

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.

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

Dated: _____, 2024

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 2024

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 _____ 1, 2024 (the “Trust Agreement”), by and among U.S. Bank Trust Company, 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>

ASSIGNMENT AGREEMENT

by and between

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of _____ 1, 2024

relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into and dated as of _____ 1, 2024 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 Trust Company, 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 2024 (the “**Certificates**”), executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of _____ 1, 2024 (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 _____ 1, 2024 (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 TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Its: Authorized Officer

PRELIMINARY OFFICIAL STATEMENT DATED [____], 2024

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: AA-
(See “RATING”)

In the opinion of Best Best & Krieger LLP, Special 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 with respect to 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”). Special Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; however, for tax years beginning after December 31, 2022, interest with respect to the Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Special 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 2024

Dated: Date of Delivery**Due: September 1, as shown on the inside cover**

The Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024 (the “Certificates”) are being executed and delivered to (i) to finance capital improvements to the District’s water system (the “Water System”), and (ii) 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, 2024. 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 Crescenta Valley Water District (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 Trust Company, 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 and mandatory sinking fund prepayment prior to maturity as further described in this Official Statement.

The Certificates are payable from Installment Payments payable by the District under an Installment Purchase Agreement dated as of _____, 2024 (the “Installment Payment Agreement”), between the District and the Corporation, and amounts on deposit in certain funds and accounts established by the Trust Agreement (as defined in this Official Statement). 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 on parity with the District’s obligations to make installment payments (the “2020 Installment Payments”) under an Installment Purchase Agreement dated as of September 1, 2020, between the District and the Corporation. The District may incur additional obligations payable from Net Revenues of the Water System on a parity with the Installment Payments and the 2020 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 or the 2020 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 and the Trust Agreement by Best Best & Krieger 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 execution and delivery of the Certificates. It is anticipated that the Certificates will be available for delivery through the facilities of DTC on or about [____], 2024.

* Preliminary, subject to change.

STIFEL

Dated: _____, 2024

\$[PAR]*
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

\$_____ Serial Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.⁺</i>

\$_____ % Term Bond due September 1, 20__ Yield: _____ % Price: _____ CUSIP No.⁺

* Preliminary, subject to change.

c Priced to optional prepayment on September 1, 20__.

⁺ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of the American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. 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

Sharon S. Raghavachary, President
James D. Bodnar, Vice President
Kerry D. Erickson
Jeffery W. Johnson
Judy L. Tejeda

DISTRICT STAFF

James Lee, General Manager
Brook Yared, Director of Engineering and Operations (Interim)
Arturo Montes, Finance and Administration Manager
Adam Sutphin, Senior Management Analyst

SERVICES

General Counsel

Lagerlof, LLP
Pasadena, California

Special Counsel

Best Best & Krieger LLP
Los Angeles, California

Disclosure Counsel

Kutak Rock LLP
Los Angeles, California

Municipal Advisor

Campanile Group, Inc.
Laguna Beach, California

Trustee

U.S. Bank Trust Company, 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.

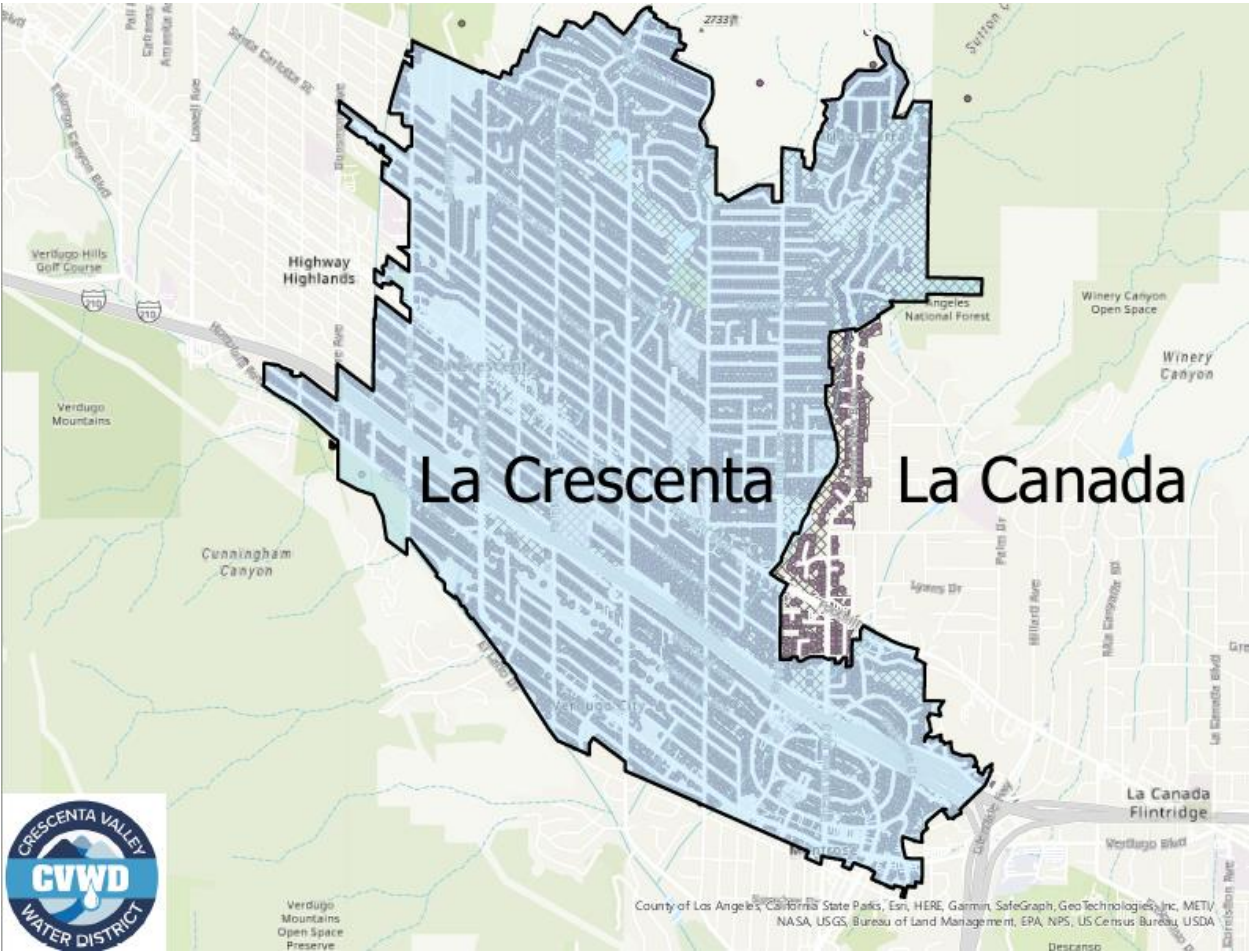
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**CRESCENTA VALLEY WATER DISTRICT
VICINITY MAP**



§[PAR]*
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

INTRODUCTION

General. This Official Statement dated _____, 2024, sets forth information concerning the execution and delivery of the Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024 (the “Certificates”) by U.S. Bank Trust Company, 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’s water system (the “Water System”) currently serves approximately 8,261 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 (as defined below).

Purposes of the Certificates. The Certificates are being executed and delivered to (i) finance capital improvements to the Water System (as more particularly described under the caption “PLAN OF FINANCE,” the “2024 Project”), and (ii) pay certain costs of delivery.

Authority for Certificates. The Certificates are executed and delivered under a Trust Agreement, dated as of [_____] 1, 2023 (the “Trust Agreement”), by and among the Trustee, the District and Crescenta Valley Water District Financing Corporation (the “Corporation”) and evidence undivided interests in the installment payments (the “Installment Payments”) payable by the District pursuant to the Installment Purchase Agreement dated as of [_____] 1, 2023 (the “Installment Purchase Agreement”), between the District and 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 and other amounts payable by the District to the Corporation pursuant to the Assignment Agreement dated as of [_____] 1, 2023, 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

* Preliminary, subject to change.

(as such terms are defined in APPENDIX A — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS). See the caption “SECURITY FOR 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 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.

Prepayment. The Certificates will be subject to optional and mandatory sinking fund prepayment 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 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.”

Parity Debt and Additional Parity Debt. Installment Payments are payable on a parity basis with the District’s obligations to make installment payments (the “2020 Installment Payments”) under an Installment Purchase Agreement dated as of September 1, 2020 (the “2020 Installment Purchase Agreement”), between the District and the Corporation, which are currently outstanding in the aggregate principal amount of \$10,445,000. See “THE CERTIFICATES – INSTALLMENT PAYMENTS.” 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 and the 2020 Installment Payments, as more fully described under the caption “SECURITY FOR THE CERTIFICATES – Limitations on Parity and Superior Obligations; Subordinate Obligations.”

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 Contracts and Bonds (as such terms are defined in Appendix A hereto). 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. As of September 1, 2023, the balance in the Rate Stabilization Fund was approximately \$2,500,000. See “SECURITY FOR THE CERTIFICATES” herein.

Miscellaneous. Brief descriptions of the Trust Agreement, Installment Purchase Agreement, the 2020 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 Secretary of the Board of the District located at 2700 Foothill Boulevard, La Crescenta, California.

Continuing Disclosure. The District will covenant in a Continuing Disclosure Certificate 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 of each year, commencing April 1, 2024, 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 CERTIFICATE.” These covenants will be 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 its continuing disclosure undertakings in the previous five years, 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 \$11,909,950* of the proceeds of the Certificate for pipeline improvements to the Water System during the fiscal years ending June 30, 2024 through 2026 (the “2023 Project”). The 2023 Project includes the replacement of approximately 23% of the District’s pipelines. Pursuant to the Installment Purchase Agreement, the District may substitute or add additional projects to be funded with proceeds of the Certificates. The District expects to undertake any necessary environmental approvals on individual components of the 2023 Project prior to commencement of each component. The District expects to comply with all bidding and other permitting requirements for each component of the 2023 Project as required by law. All components of the 2023 Project are expected to be substantially completed by June 30, 2026.

Estimated Sources and Uses of Funds

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

* Preliminary, subject to change.

CRESCENTA VALLEY WATER DISTRICT
Revenue Certificates of Participation
(Water System Improvement Projects), Series 2024
Estimated Sources and Uses of Funds⁽¹⁾

Sources

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

Uses

Deposit to Acquisition Fund	\$
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 evidence undivided interests in the Installment Payments payable by the District under the Installment Purchase Agreement and 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, 2024] (each an “Interest Payment Date”) to the respective owners of Certificates (“Owners”) of record as of the close of business on the fifteenth day of the calendar month preceding 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.

Prepayment of Certificates*

Optional Prepayment. 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

* Preliminary, subject to change.

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.

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:

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

†	
†	Maturity.

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__ 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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Maturity.

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__ 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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Final Maturity.

If some but not all of the Certificates maturing on September 1, 20__, September 1, 20__ or 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.

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.

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.

The Installment Payments are payable on a parity basis with the 2020 Installment Payments. In connection with the 2020 Installment Purchase Agreement, the Trustee executed and delivered those certain Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the "Series 2020 Certificates") which evidence undivided interests in the 2020 Installment Payments. The Corporation has assigned to the Trustee, for the benefit of the owners of the Series 2020 Certificates, the right of the Corporation to receive and collect the 2020 Installment Payments due from the District to the Corporation under the Installment Purchase Agreement dated as of September 1, 2020 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 "Series 2020

Assignment Agreement”). As of the date hereof, the Series 2020 Certificates are outstanding in the aggregate principal amount of \$10,445,000.

Set forth below is a table of the annual Installment Payments and 2020 Installment Payments.

CRESCENTA VALLEY WATER DISTRICT

Revenue Certificates of Participation
(Water System Improvement Projects)
Annual Principal and Interest Schedule

Maturing	Installment Payments*			2020	Total
	Principal	Interest	Total	Installment Payments	Total
<u>September 1</u>				<u>Total</u>	<u>Total</u>
2024	\$	\$	\$	\$580,781	\$
2025				581,381	
2026				581,581	
2027				581,381	
2028				580,781	
2029				582,531	
2030				578,981	
2031				582,381	
2032				580,181	
2033				582,581	
2034				579,381	
2035				580,781	
2036				581,581	
2037				581,781	
2038				582,638	
2039				583,256	
2040				578,638	
2041				578,900	
2042				582,100	
2043				579,500	
2044				581,300	
2045				582,300	
2046				582,500	
2047				579,625	
2048				581,500	
2049				583,000	
2050				579,125	
2051				=	
2052				=	
2053				=	
TOTAL	\$	\$	\$	\$15,690,466	

*Installment Payments and 2020 Installment Payments are 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 on a parity with the 2020 Installment Payments 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 (as defined below) 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 and which include the 2020 Installment Purchase Agreement) 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.

“Revenues” are defined in the Installment Purchase Agreement to mean 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 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. On the date that the Certificates are executed and delivered, no amounts are anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code.

“Net Revenues” are defined in the Installment Purchase Agreement to mean, for any Fiscal Year, the Revenues from such Fiscal Year less Operations and Maintenance Costs for each Fiscal Year.

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.

Allocation of Revenues

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, 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 the 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:

Certificate Payment Fund. On or before each 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 Installment Payment coming due on such 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 Installment Payments if the amount in the Certificate Payment Fund is at least equal to the amount of the Installment Payment due and payable on the next succeeding Installment Payment Date.

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

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.

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.

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 assess at the commencement of each Fiscal Year rates and charges from the Water System 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 125% of 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 classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues are reasonably expected to be sufficient to meet the requirements described in the foregoing 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.

So long as the District has complied with its obligations described above, the failure of Net Revenues to meet the 125% threshold 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 its obligations described above at the commencement of the succeeding Fiscal Year.

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 or any money in the Revenue Fund superior to the pledge securing the Installment Payments.

Obligations on a Parity with the Installment Payments. Pursuant to the Installment Purchase Agreement, the District may at any time execute any Contract or issue any Bonds, as the case may be, on parity with the Installment Payments; 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 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 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.

Existing Parity Obligations. The Installment Payments will payable on a parity basis with the 2020 Installment Payments. See “THE CERTIFICATES – INSTALLMENT PAYMENTS.”

Subordinate Obligations. The District may incur Subordinate Obligations.

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 Bonds issued or Contracts executed. 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 (which include the 2020 Installment Payment Agreement), 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. As of September 1, 2023, approximately \$2,500,000 was held on deposit in the Rate Stabilization Fund. 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 boundaries of the District, 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 8,500 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. According to the United States Census Bureau, the La Crescenta-Montrose Census Designated Place, which comprises a portion of the District, had a median household annual income of \$107,954 in 2021, representing approximately 131%, 118% and 153%, respectively, of the median household income in Los Angeles County, in the State of California, and nationally.

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 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 would not be sufficient to meet the then increasing demand for water. 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 water from Northern California 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.

The District pumps groundwater from the Verdugo Basin. The basin is located beneath 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.

The 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 the District's service area.

The District operates a wastewater system, but revenues from the wastewater system are not pledged to or available to make Installment Payments or 2020 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:

Sharon Raghavachary, President (Term Expires December 2024): 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.

James Bodnar, Vice President (Term Expires December 2026): Mr. James Bodnar was elected to the Board 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.

Kerry Erickson (Term Expires December 2026): Mr. Kerry Erickson was elected to the Board 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.

Jeffery Johnson (Term Expires December 2026): Mr. Jeffery Johnson is a licensed attorney and manages the law firm of Johnson & Rawi PC, located in Pasadena, California. He has a bachelor's degree from Butler University in Indianapolis, Indiana, where he graduated cum laude with high honors in Political Science. Mr. Johnson also holds a law degree from Indiana University School of Law in Bloomington, Indiana, where he was a member of the law review and graduated cum laude in 1987. Mr. Johnson has more than thirty-five years of experience as a litigator, trial attorney and corporate counsel.

Judy Tejeda (Term Expires December 2024): Ms. Judy Tejeda 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 Board. Director Tejeda 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. She taught at Verdugo Hills High School and Mount Gleason Middle School for over 30 years. Director Tejeda founded the Christa McAuliffe Scholarship Fund which has presented over 2,000 scholarships to deserving students. She is co-founder of R & R Masonry, a commercial building corporation. Director Tejeda advocates water

conservation, community out-reach, and responsible, transparent Crescenta Valley Water District's fiscal policies.

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

James Lee, General Manager. Mr. James Lee joined the District staff in 2017 and became General Manager in 2023. Prior to joining the District, Mr. Lee served water and wastewater agencies through public finance on both the financial advisory and investment banking sides. In addition, Mr. Lee serves in leadership for the Public Water Agencies Group and the California Data Collaborative. He also served agencies with utility rate studies, budget modeling, and organizational development. Mr. Lee is responsible for developing and implementing the District's short and long-term strategic plan goals that serve the community and region. 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.

Brook Yared, Director of Engineering and Operations (Interim). Mr. Brook Yared joined the Crescenta Valley Water District in 2007. Mr. Yared has served as Director of Engineering and Operations (Interim) for over a year, after 16 years of progressively more responsible management roles in the Engineering Department and has been responsible for managing engineering, systems operations, distribution operations, capital improvement planning and execution, and water quality and is responsible for representing the District in regional planning efforts. Prior to joining the District, he worked as a design engineer for Flowserve Incorporated working on pump design and decoking equipment design. Mr. Yared holds a bachelor's degree in mechanical engineering from Cal Poly Pomona with a minor in public administration, and a Master's in Science from the University of Southern California in Environmental Engineering. Mr. Yared has been a registered civil engineer in good standing within the State of California since 2010. He maintains membership in the American Water Works Association and is the collection systems chair for the California Water Environment Agency after serving as a Board Member in 2010.

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.

Adam Sutphin, Senior Management Analyst. Mr. Adam Sutphin joined the District in 2019 as the a meter reader, then was promoted to Analyst a year and a half after. He was recently promoted to Senior Management Analyst. Mr. Sutphin's responsibilities include doing various analytical research, accounting, financing, administration, human resources and customer service. He holds a bachelor's degree in business from California State University Channel Islands.

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, 2024 was approved by the Board on June 27, 2023. The budget fiscal year ending June 30, 2024 assumes an 8% rate increase implemented effective July 1, 2023, capital charge revenue of approximately \$1.9 million (see “THE WATER SYSTEM OF THE DISTRICT - Water System Rates and Charges – Capital Charges”), 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 October 1, 2023, approximately \$2,500,000 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
Workers’ Compensation/Employer liability	\$6,000,000
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 60% of water supplied to customers from the Verdugo Basin (the “Basin”) and purchases approximately 40% of water supplied to customers from MWD through the FMWD. The amount of groundwater and purchased water varies from year-to-year based on climatic and other conditions. On average over the last five years, the District purchased approximately 1,960 acre-feet of supplemental water per year. Over the last two years, that average has decreased to 1,811 acre-feet of supplemental water per year. The District attributes the decline to a decrease in demand due to drought-related conservation measures.

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	96
Pressure Zones	11
Booster Pumps	34
Fire Hydrants	714

In addition, the District has established emergency interconnections with the City of Glendale (for up to 4.4 cubic feet per second, or 2.8 million gallons per day), with Los Angeles Department of Water and Power (for up to 2.2 cubic feet per second, or 1.4 million gallons per day) and with La Canada Irrigation District (“LCID”) (for up to 2.2 cubic feet per second, or 1.4 million gallons per day, and also providing for LCID to take up to 4.0 cubic feet per second, or 2.6 million gallons per day from the District).

Groundwater

On average over the last four years, the District pumps approximately 2,083 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 comprises the Upper Los Angeles River Area (“ULARA”), which is the watershed and tributaries of the Los Angeles River. 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 2015 with the City of Glendale to operate Well 16 and purchase groundwater rights from Glendale for a term of 25 years, which allows the District to pump

above its adjudicated rights when conditions are favorable. The agreement may be terminated by either party without cause upon 90 days' written notice.

The District had observed a decrease in water levels and available water from the Basin since the public sewerage system was completed in 1986, and declines were further exacerbated by persistent and recurring droughts in the last 15 years. 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 experienced a large amount of rainfall in the 2022-23 season, which was preceded by two years of below average rainfall. Considering the recent rainfall in the last several years, the District expects water levels to remain close to the historic pre-drought average. 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.

Supplemental Water

The District currently purchases supplemental water from the State Water Project ("SWP") and the Colorado River Aqueduct ("CRA") through FMWD. FMWD 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 Integrated 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>).

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, MWD 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 the 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.

Under Governor Newsom's administration, the Department of Water Resources ("DWR") is advancing a single-tunnel conveyance project under the Delta to protect this statewide resource from levee collapse that may be caused by flooding, earthquake or saltwater intrusion as sea level rises. This project is anticipated to be funded by water agencies that will benefit from improved supply reliability. The project

is undergoing environmental review and includes significant public engagement to design a project to limit impacts to the Delta and provide local benefits.

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 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>Purchased from FMWD</i>	<i>% Increase/ (Decrease)</i>	<i>Total</i>
2019	1,875	8.97%	1,899	-15.26%	3,774
2020	2,039	8.76%	1,950	2.68%	3,989
2021	2,107	3.33%	2,226	14.15%	4,333
2022 ¹	2,136	1.38%	1,816	-18.42%	3,952
2023 ¹	2,054	-3.84%	1,408	-22.47%	3,462

¹ The District attributes the decline in water production in these years to drought-related conservation measures.
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>
2019	8,030	0.34%
2020	8,041	0.14%
2021	8,056	0.19%
2022	8,061	0.06%
2023	8,261**	2.48%

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

** As of June 30, 2023, approximately 92% of accounts are residential accounts.
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>Total % Increase/ (Decrease)</i>
2018	\$8,744,988	\$1,411,792	\$10,156,780	+15.60%
2019	8,636,533	1,405,947	10,042,480	-1.13%
2020	10,041,110	896,988**	10,938,098	+8.92%
2021	11,066,451	888,018**	11,954,469	+9.29%
2022	11,123,716	1,002,807	12,126,523	+1.44%

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

** The decline in commercial account usage is attributable to decreases in business activity as a result of the COVID-19 pandemic.

Source: District.

Largest Customers

The following table sets forth the ten largest customers of the Water System of the District as of June 30, 2022, as determined by the amount of their respective annual bills.

CRESCENTA VALLEY WATER DISTRICT
Largest Customers
Fiscal Year Ended June 30, 2022

<i>Customer</i>	<i>Annual Billed Amounts</i>	<i>% of Total*</i>
Caltrans	\$332,348	2.74%
Glendale Unified School District	147,756	1.22
Los Angeles County Parks and Recreation Department	102,870	0.85
Hillside Village Apartments	55,492	0.46
Glen Valley HOA	40,507	0.33
Blain Anderson	37,928	0.31
La Crescenta Properties	35,053	0.29
EC Opco Mountainview LP	35,013	0.29
3220 Altura HOA	33,610	0.28
Americana La Crescenta Apartments	<u>33,268</u>	<u>0.27</u>
TOP TEN TOTAL	\$853,845	7.04%
TOTAL SYSTEM	\$12,126,523*	100.00%

* Sales to customers.

Source: District.

Water System Rates and Charges

General. The District Board has rate setting authority as provided under the Water Code. 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 5.5% in the fiscal year ended June 30, 2019, 8% in the fiscal year ended June 30, 2020, 8% in the fiscal year ended June 30, 2022, and 8% in the fiscal year ended June 30, 2023. Due to the onset of COVID-19 pandemic, the District did not implement a rate increase in the fiscal year ended June 30, 2021. The historic increases in water rates are set forth in the following table.

CRESCENTA VALLEY WATER DISTRICT
Water Rate Structure

	2019	2020	2021	2022	2023
Unit Rate					
Tier 1 (1-10 kgal)	\$4.83	\$5.17	\$5.17	\$5.10	\$5.51
Tier 2 (11-26 kgal)	7.61	8.14	8.14	9.5	10.26
Tier 3 (27+ kgal)	11.49	12.29	12.29	13.39	14.47
Commercial					
Base Rate	6.85	7.33	7.33	8.1	8.75
Irrigation					
Tier 1 (1-80 kgal)	5.29	5.66	5.66	5.39	5.83
Tier 2 (80+ kgal)	10.13	10.89	10.89	10.18	11.00
Service Charge (Size of Service Meter)					
3/4"	50.56	54.1	54.10	58.79	63.07
1"	75.41	80.69	80.69	86.77	93.28
1 1/2"	137.56	147.19	147.19	156.72	168.83
2"	212.16	227.01	227.01	240.67	259.50
3"	448.34	479.72	479.72	506.49	546.58
4"	796.42	852.17	852.17	898.23	969.66

Source: District.

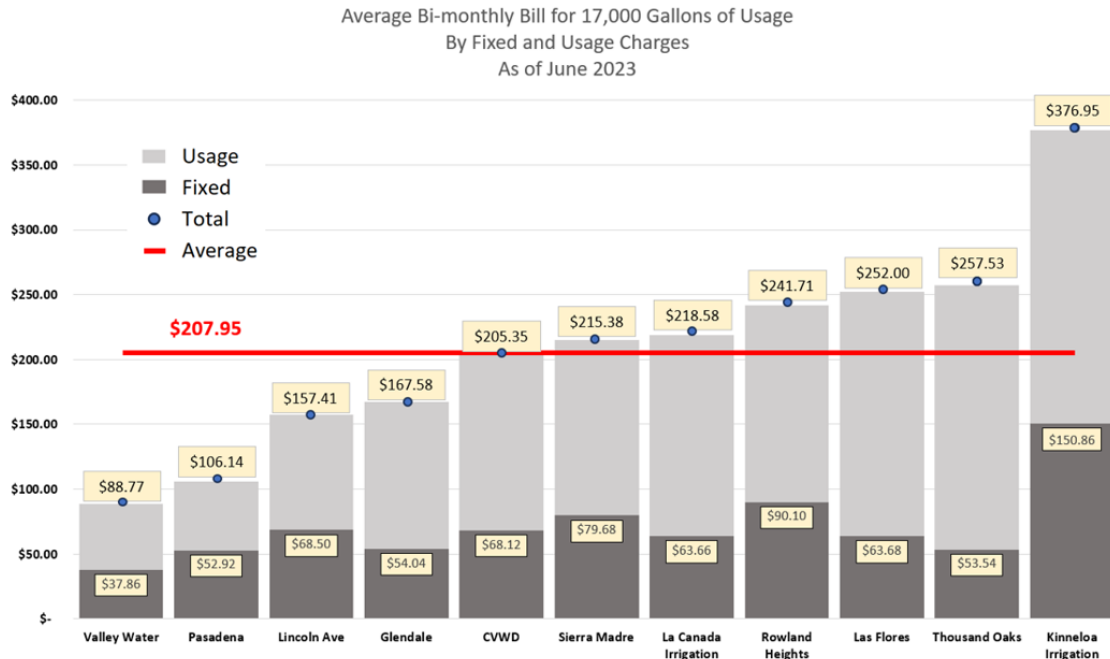
The District staff currently projects that the District will raise retail and commercial water rates by approximately 8% per year, consistent with prior practice. There can be no assurance the Board will approve the rate increases currently projected by District staff. The District has undertaken a rate study which is currently ongoing and is expected to be completed in the Spring of 2024. The District may change the District's water rate structure and increase rates depending on the results of the study. Increases in rates are subject to notice requirements and protest rights under Proposition 218. All rate adjustments are subject to the approval of the Board after a public hearing in accordance with Proposition 218 and there can be no assurance that water rates will be increased as projected herein. In the event that the Board does not adopt such rate increases as currently contemplated, Net Revenues could be materially different from the projections in this Official Statement. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 218" herein for a discussion of limitations on the rate setting authority of the District under Proposition 218.

There can be no assurance that the Board will not repeal or modify current water rates in the future.

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 (excluding certain capital charges as described below) are collected on a bi-monthly basis. Write-offs for monthly water service occur twice a year. In the 2022-23 Fiscal Year, the District did not write off any accounts. In November 2022, the District reinstated late fees and shut off after pausing such actions during the COVID-19 pandemic. Prior to the onset of the COVID-19 pandemic in 2020, the District historically experienced an average delinquency rate of less than 0.5%. Currently, the District is experiencing a delinquency rate of approximately 1.0%.

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 (excluding capital charges) compared to those of other local cities and agencies as of June 2023.



Source: District.

Capital Charges. On April 25, 2023, the Board adopted Resolution No. 785 authorizing capital charges (the “Capital Charges”) to be used solely to fund capital costs for pipeline replacement and associated costs, to keep distribution systems operational and flowing with safe and reliable water. The Capital Charges will be collected annually from each water account holder on the property tax roll of Los Angeles County to be collected at the same time and in the same manner as other taxes are collected by Los Angeles County, unless the holder elects to be invoiced directly.

In connection with the Capital Charges, the District caused NBS to prepare a written report (the “FY 23-24 Capital Charges Report”) containing a description of each parcel of real property receiving water services from the District, the maximum amount of Capital Charges that may be levied against each parcel based on meter size (the “Maximum Capital Charge Rates”), and the proposed Capital Charge rates for the fiscal year ending June 30, 2024 (the “FY 23-24 Capital Charge Rates”) which are lower than the Maximum Capital Charge Rates. On June 27, 2023, the Board, after public hearing in conformity with Proposition 218, adopted Resolution No. 786 approving the FY 23-24 Capital Charges Report and each Capital Charge therein as submitted, including the lower than-maximum FY 23-24 Capital Charge Rates, with some modifications described in Resolution No. 786. In Resolution No. 786, the Board reserved the right to levy Capital Charges up to the Maximum Capital Charge Rates in future years. There can be no assurance that the Board will not repeal or modify the rates of Capital Charges in the future.

The District projects that, if collected in full, the FY 23-24 Capital Charge Rates will generate approximately \$1.9 million in revenue for the District. Because the FY 203-24 Capital Charge Rates are lower than the Maximum Capital Charge Rates, the District projects that the revenues derived from the

Capital Charges will not be sufficient to fund all projected capital costs for pipeline replacement and associated costs, to keep distribution systems operational and flowing with safe and reliable water. The District anticipates raising the remaining funds through long term financings, including the proceeds of the Certificates. The Maximum Capital Charge Rates and FY 23-24 Capital Charge Rates, in each case by meter size, are set forth in the following table.

**CRESCENTA VALLEY WATER DISTRICT
CAPITAL CHARGES**

Meter Size	Maximum Rates	Fiscal Year 2023/24 Applied Rates
3/4"	\$404.30	\$194.06
1"	\$673.83	\$323.44
1 1/2"	\$1,347.66	\$646.87
2"	\$2,156.25	\$1,035.00
3"	\$4,718.14	\$2,264.71
4"	\$8,490.23	\$4,075.31

Source: District.

Because the net proceeds of the Certificates are anticipated to be used by the District to fund capital costs for pipeline replacement and associated costs, to keep distribution systems operational and flowing with safe and reliable water within the meaning of Resolution No. 785, the District believes Capital Charges levied and collected by the District will be available to make Installment Payments. See “– Projected Operating Results and Debt Service Coverage.”

The Board of Supervisors of Los Angeles County has not approved the implementation of an alternative method of distribution of tax levies and collections of tax sale proceeds (a “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Consequently, the sewer capital charges that are collected by the District through the County’s secured property tax roll depends upon the actual collections of such charges.

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, including without limitation Capital Charges. See “INVESTMENT CONSIDERATIONS – No Obligation to Tax.”

Future Water System Improvements

The District currently expects to undertake approximately \$40.52 million of improvements to the Water System over the next five-year period, approximately \$11.9 million of which 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 (including Capital Charges as described above) remaining after payment of Installment Payments, 2020 Installment Payments and any future borrowings. The current expected schedule for such improvements is set forth in the following table:

	Unaudited	Budget	Forecast			
<u>Capital Project Summary</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Water Supply	\$120,074	\$175,000	\$95,000	\$120,000	\$230,000	250,000
Water Storage	549,453	863,500	886,200	950,000	2,856,800	2,135,000
Water Distribution - Pipeline	1,560,874	3,949,300	3,895,100	4,089,855	4,608,900	6,064,963
Water Distribution – Other	190,887	315,000	940,000	1,888,025	1,201,216	423,100
Water Treatment	28,002	290,000	150,000	160,000	--	--
Technology	483,893	1,310,200	534,010	606,513	687,121	--
Public Safety/Emerg Response	--	134,000	--	210,000	178,000	175,000
Facilities & Planning	--	150,000	--	--	--	--
Total	\$2,933,183	\$7,187,000	\$6,500,310	\$8,024,393	\$9,762,037	\$9,048,063
<u>Source of Funds</u>						
Proceeds of the Certificates	--	\$3,949,300	\$3,895,100	\$4,065,550	--	--
Other District Funds	<u>\$2,933,183</u>	<u>3,237,700</u>	<u>2,605,210</u>	<u>3,958,843</u>	<u>\$9,762,037¹</u>	<u>\$9,048,063¹</u>
Total	\$2,933,183	\$7,187,000	\$6,500,310	\$8,024,393	\$9,762,037	\$9,048,063

1 Other District funds may include proceeds of financings as the District may determine in the future.
Source: District.

Outstanding Water System Indebtedness

Upon the delivery of the Certificates, the District will not have any outstanding indebtedness other than the Installment Purchase Agreement, the 2020 Installment Purchase Agreement and GWP Infrastructure Loan (as described below).

The Installment Payments are payable on a parity basis with the 2020 Installment Payments. In connection with the 2020 Installment Purchase Agreement, the Trustee executed and delivered the Series 2020 Certificates, which evidence undivided interests in the 2020 Installment Payments. Pursuant to the Series 2020 Assignment Agreement, the Corporation has assigned to the Trustee, for the benefit of the owners of the Series 2020 Certificates, the right of the Corporation to receive and collect the 2020 Installment Payments due from the District to the Corporation under the 2020 Installment Purchase Agreement and other amounts payable by the District to the Corporation. As of September 2, 2023, the Series 2020 Certificates are outstanding in the aggregate principal amount of \$10,445,000.

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 and 2020 Installment Payments.

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, 2022 and 2021, 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.

The District has not requested nor did the District obtain permission from the Auditor to include the Financial Statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District. Further, the Auditor has not taken any action intended to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement.

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 fiscal years ending June 30, 2018 through June 30, 2022. These results have been derived from the financial statements of the District but exclude certain non-cash items and include certain other adjustments.

CRESCENTA VALLEY WATER DISTRICT					
Historic Operating Results					
Fiscal Year Ending June 30					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Consumption sales	\$7,519,558	\$7,262,227	\$7,952,859	\$8,938,008	\$8,919,225
Service charge	2,637,222	2,780,253	2,985,239	3,016,461	3,207,298
Other charges ¹	1,180,936	891,420	1,477,804	1,148,283	902,954
Investment earnings	53,647	826,378	448,903	(220,569)	(493,012)
Rental income	25,200	27,900	29,446	60,050 ²	62,483
Total revenues	\$11,416,563	\$11,788,178	\$12,894,251	\$12,942,233	\$12,598,903
Operating and Maintenance Expenses:					
Source of supply	\$3,404,291	\$3,262,503	\$3,175,446	\$3,683,148	\$3,289,622
Plant operations ³	1,962,667	2,141,652	2,000,851	1,914,025	2,228,338
Distribution system ³	1,071,502	1,107,293	910,095	880,137	1,002,100
General and administrative expenses	2,913,308	3,213,062	3,509,462	3,848,152	3,372,518
Total expenses	\$9,351,768	\$9,724,510	\$9,595,854	\$10,325,462	\$9,892,578
Net Revenues	\$2,064,795	\$2,063,668	\$3,298,397	\$2,616,771	\$2,706,325
2020 Installment Payments	\$0	\$0	\$0	\$169,473	\$569,456
2017 PWB Financing	\$557,695	\$538,521	\$537,548	\$0	\$0
Debt Service Coverage	3.70x	3.83x	6.14x	15.44x	4.75x

¹ Other Charges include irrigation sales, fire service, construction revenue and other miscellaneous fees.

² Rental income increased from prior years following property renovation.

³ Fluctuations in plant operations and distribution system year over year is attributable to timing of maintenance and other operation costs.

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>2023 (Estimate)</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Revenues						
Consumption Sales ¹	\$7,935,623	\$9,427,520	\$10,743,161	\$11,784,417	\$12,609,327	\$13,365,886
Service Charge ¹	3,609,799	3,834,604	4,103,026	4,390,238	4,697,555	4,979,408
Capital Charge ^{2,3}	--	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other Charges	701,190	818,796	823,358	836,750	851,079	864,221
Investment Earnings	53,339	10,000	10,000	10,000	10,000	10,000
Rental Income	<u>52,620</u>	<u>65,921</u>	<u>52,620</u>	<u>54,199</u>	<u>55,825</u>	<u>57,499</u>
Total Revenues	\$12,352,571	\$16,056,841	\$17,632,165	\$18,975,604	\$21,123,786	\$21,195,014
O&M Expenses⁴						
Source of Supply	\$2,924,786	\$3,598,000	\$3,885,840	\$4,080,132	\$4,284,139	\$4,498,346
Plant Operations	1,315,206	1,872,982	1,966,631	2,064,963	2,168,211	2,276,621
Distribution System	983,186	2,261,875	2,374,969	2,493,717	2,618,403	2,749,323
G&A Expenses	<u>1,277,416</u>	<u>3,904,946</u>	<u>4,078,590</u>	<u>4,303,001</u>	<u>4,495,927</u>	<u>4,697,609</u>
Total Expenses	\$6,500,594	\$11,637,803	\$12,306,030	\$12,941,813	\$13,566,679	\$14,221,899
Net Revenues	\$5,851,977	\$4,419,038	\$5,326,135	\$6,033,791	\$6,557,107	\$6,973,115
2020 Installment Payments	\$578,081	\$575,281	\$576,081	\$576,481	\$576,481	\$576,081
Installment Payments*	--	132,305	752,013	749,638	751,888	748,763
Debt Service Coverage⁵	10.12x	6.25x	4.01x	4.55x	4.94x	5.26x

¹ Revenue projections include an 8.0% Board-approved water rate increase for fiscal year 2023-24 and projected increase of 7.0% in water rates each fiscal year thereafter. Projected rate increases have not yet been authorized and there can be no assurance that the Board will adopt rate increases as currently projected. Other revenue assumptions include growth in customer accounts of 0.3% per year and increased water demand of 2% per year. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 218" herein for a discussion of limitations on the rate setting authority of the District under Proposition 218.

² Projected revenues from Capital Charges are based on the fiscal year 23-24 Capital Charge Rates, as approved by the Board pursuant to Resolution No. 786. Projected revenues from Capital Charges in each fiscal year thereafter assumes no increases in such rates. In Resolution No. 786, the Board reserved the right to levy Capital Charges up to the Maximum Capital Charge Rates in future years but no such increases are assumed for purposes of these projections.

See “ THE WATER SYSTEM OF THE DISTRICT - Water System Rates and Charges – Capital Charges” for a description of the FY 23-24 Capital Charge Rates and the Maximum Capital Charge Rates approved by the Board in Resolution No. 786.

³ Capital charge revenue is available for payment of Installment Payments and payment of any future financings whose proceeds are used for pipeline replacement projects, but such revenues are not available to make 2020 Installment Payments.

⁴ Assumes expenses grow at an annual rate of 5%.

⁵ Under the Installment Purchase Agreement, 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. These projections assume no such withdrawals are made during the projection period. See “SECURITY FOR THE CERTIFICATES – Rate Stabilization Fund.”

* Preliminary, subject to change.

** Totals may not foot due to rounding.

Source: District

Employees and Employee Relations

There are currently 29 full time employees working for the District, of whom 22 are represented by AFSCME Local 1902 under a contract which expires on June 30, 2025. The non-management employees of the District have never conducted a strike against the 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 30, 2022 are summarized as follows:

	<u>Miscellaneous Plan</u>	
	<u>Classic</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%	6.750%
Required Employer Contribution Rate	11.031%	7.732%
Number of Active Employees as of 6/30/2022	13	17

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, 2022, 2021 and 2020, were \$669,325, \$718,752 and \$428,770, respectively, and are estimated to be \$786,150 in the fiscal year ended June 30, 2023 (including, in each case, both the required employee contribution and the required employer contribution). The increase in the District’s contribution from 2020 to 2021 is due to the prepayment of certain amounts attributable to the fiscal year ended June 30, 2020.

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

Valuation Date June 30	Accrued Liability⁽¹⁾ (a)	Market Value of Assets (b)	Unfunded Liability (a-b)	Funded Status (Market Value) (b/a)	Annual Covered Payroll (c)	Unfunded Liability as a Percentage of Payroll ((a-b)/c)
2018	\$17,920,752	\$13,439,448	\$4,481,304	75.0%	\$2,351,252	190.59%
2019	19,977,027	14,215,775	4,761,252	74.9	2,481,783	191.84
2020	20,388,247	15,120,435	5,267,812	74.2	2,028,381	259.70
2021	21,866,621	18,429,729	3,437,092	84.3	1,754,679	195.88
2022	22,522,695	16,310,872	6,211,823	72.4	1,699,118	365.59

⁽¹⁾ The discount rate was decreased to 6.8% in 2021, from 7.0% in 2018.

Source: CalPERS Actuarial Reports for June 30, 2018 through June 30, 2022.

The table below shows projected employer contributions (before cost sharing) for the fiscal years ending June 30, 2025 through June 30, 2030.

PROJECTED FUTURE EMPLOYER CONTRIBUTION RATES⁽¹⁾

	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>
Normal Cost %	12.52%	12.5%	12.5%	12.5%	12.5%	12.5%
Unfunded Accrued Liability Payment	\$478,322	\$518,000	\$557,000	\$588,000	\$663,000	\$677,000

⁽¹⁾ Assumes a 6.8% rate of return for the fiscal year ended June 30, 2023 and beyond.

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 50 with at least 10 consecutive years of service. As of June 30, 2023, twenty-two active participants and 27 retired participants and beneficiaries met those eligibility requirements. Employees hired on or after July 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, 2022 and 2021 totaled \$556,430 and \$882,174, 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 (“OPEB”), to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions.

The District obtains actuarial valuations of its OPEB obligations from Actuarial Consulting Group, with the most recent calculated as of June 30, 2022. Based on the combination of plans and contribution levels that the District offers, assuming an investment rate of 7.0%, the present value of benefits was estimated to be \$7,427,019 and the accrued actuarial liability was estimated to be \$6,077,796. The District’s OPEB funded ratio was 11%.

According to the valuation, the District’s funding contribution for Fiscal Year 2022-23 is \$5,386,509 and \$5,610,183 in Fiscal Year 2023-24. 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 Installment Payments and 2020 Installment Payments when due.

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 Installment Payments pursuant to the Installment Purchase Agreement. The Installment Payments are payable from Net Revenues of the Water System of the District. See “SECURITY FOR THE CERTIFICATES.” The District’s ability to make the Installment Payments when due will depend 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 make the Installment Payments when due. 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 make the Installment Payments when due.

Limitations on Revenues

The ability of the District to generate Net Revenues sufficient to make the Installment Payments when due, and therefor for the Trustee to pay the 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 make the Installment Payments when due, 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 the Installment Payments when due, 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 make the Installment Payments or require the District to increase expenditures for repairs significantly enough to adversely impact the District's ability to make the Installment Payments when due. 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.”

A portion of the properties within the District are located against the foothills of the San Gabriel Mountains in a high fire risk area. The District mitigates against fire risk by actively monitoring reservoirs to maintain appropriate levels to respond to wildfires and by actively maintaining brush clearance to reduce fire risk. The District also maintains emergency interconnections with neighboring water agencies to provide water in the event that the District's facilities are compromised.

The area encompassed by the District as well as areas from where MWD provides 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 make the Installment Payments when due.

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 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. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal. 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 adversely 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, in part, 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 make the Installment Payments when due.

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 paid with respect to 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 Certificates are executed and delivered 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 prepayment or any increase in interest rate as a result of such event of taxability.

The Internal Revenue Service (the “IRS”) has a 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 the interest paid with respect to 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 Rating

S&P Global Ratings has assigned a rating to the Certificates. The rating issued reflect only the views of such rating agency. Any explanation of the significance of this rating should be obtained from the rating agency. See “RATING.” There is no assurance the current rating will continue for any given period or that such rating will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating 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 rating 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 Installment Purchase Agreement permits the District to incur obligations which would be payable on parity with the Installment Payments and the 2020 Installment Payments. 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 and 2020 Installment Payments when due.

The coverage test described in “SECURITY FOR THE CERTIFICATES – Rate Covenant” involves, to some extent, projections of Net Revenues. If additional parity obligations are issued or incurred by the District in the future, the debt service coverage for the Installment Payments and the 2020 Installment Payments could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Installment Payments, 2020 Installment Payments and any future parity obligations when due.

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 declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the United States, the State, numerous counties throughout the State, including Los Angeles County. The purpose behind these declarations were 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.

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. Following widespread vaccination undertaken in the United States and many countries worldwide, some of the governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak were eased. On February 28, 2023, the State Governor terminated the state’s COVID-19 State of Emergency and Los Angeles County terminated the local public health emergency for COVID-19 on March 31, 2023. No assurance can be given that governmental authorities will not reinstate the prior restrictions in the event that the COVID-19 outbreak worsens.

The potential continued 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). As of the date of this Official Statement, the District does not believe that the impacts of the spread of COVID-19 will have a material adverse effect on Net Revenues or its ability to make Installment Payments and 2020 Installment Payments when due.

The Taxpayer Protection and Government Accountability Act

A voter initiative entitled “The Taxpayer Protection and Government Accountability Act” (“Initiative 1935”) was recently determined to be eligible for the November 2024 Statewide general election and, unless withdrawn by its proponent prior to June 27, 2024, will be certified as qualified for the ballot in such election. Were it to be adopted by a majority of voters in the Statewide general election, Initiative 1935 would amend the California Constitution to, among other things, provide that charges for services or product provided directly to the payor (such as charges for water) are “taxes” subject to voter approval unless the local government can prove by clear and convincing evidence that the charge is reasonable and does not exceed the “actual cost” of providing the service or product, defined as “(i) the minimum amount necessary to reimburse the government for the cost of providing the service or the product to the payor and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost.” If adopted, Initiative 1935 would be subject to judicial interpretation. The District is unable to predict whether and how Initiative 1935, if adopted, would be interpreted by the courts, and there can be no assurance that any such interpretation or application would not have an adverse impact on the District, the Water System or the revenues of the Water System.

California State Water Legislation

In 2018 and 2019, the California State Legislature enacted, and the respective Governors signed, three long-term water use efficiency bills, Senate Bill 606 (2018), Assembly Bill 1668 (2018) and Assembly Bill 1414 (2019), to establish a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts in California. The legislation sets standards for indoor residential use and requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt efficiency standards for outdoor residential use, water losses, and commercial, industrial and institutional outdoor landscape areas with dedicated irrigation meters. All new requirements for urban water use objectives are effective after June 2022 when the State Water Resources Control Board adopted urban water use efficiency standards, performance measures, and variances. Under the new authorities and requirements (including the revised reporting deadlines set by Assembly Bill 1414), each urban wholesale and retail water supplier must prepare, adopt, and submit a water shortage contingency plan and conduct a drought risk assessment every five years in addition to conducting an annual water supply and demand assessment.

Potential Issues Relating to Water Quality

The State utilizes two separate contaminant definitions; notification levels (“NL”) and response levels (“RL”), both of which address unregulated contaminants that may be of future regulatory consideration. The NL is the level above which a water agency must inform their governance of the finding of an unregulated contaminant in their source water, while the RL is the level above which the water agency must take action to reduce an unregulated contaminant’s presence in the water supply. NLs and RLs are not enforceable standards, but influence the District’s use of some water sources.

Future revisions to drinking water standards may impact the type and quality of treatment necessary for the continued use of the District’s local and imported supplies. Major areas of focus with emerging contaminants are Cyanotoxins, endocrine disrupting compounds (“EDCs”), pharmaceuticals and personal care products (“PPCPs”), microplastics and per- and polyfluoroalkyl substances (“PFAS”). These groups of constituents are an evolving concern, especially in the arid Southwest regions of the United States.

On March 14, 2023, the EPA released its proposed “National Primary Drinking Water Regulation” for six PFAS including perfluorooctanoic acid (PFOA), perfluorooctane sulfonic acid (PFOS), perfluorononanoic acid (PFNA), hexafluoropropylene oxide dimer acid (HFPO-DA, commonly known as GenX Chemicals), perfluorohexane sulfonic acid (PFHxS), and perfluorobutane sulfonic acid (PFBS). The new regulation will set maximum allowable levels of these chemicals in drinking water. The proposed regulation does not require any actions until it is finalized. The EPA anticipates finalizing the regulation

by the end of 2023. Under the proposal, the regulation would not be effective until three years after it is finalized.

In a routine test in April 2023, a sample at one of the District’s wells reflected elevated PFAS levels above the applicable RL. Subsequent testing of that well have found a lower level of PFAS than originally detected. The District is currently delivering water to its customers that is mixed from different sources, including the impacted well. At all times, delivered water was below the RL. The District will continue to monitor and test all of its wells and other water sources regularly. The District has infrastructure in place to treat the water supply to remove PFAS, if it determines to do so in the future. Such treatment would result in additional variable operating costs, such as the cost of resin to remove the PFAS, and the District may need to increase water rates to cover such costs. There can be no assurance that Proposition 218 will not limit the future ability of the District to increase such rates. The District is evaluating its options for recovery of the costs associated with such treatment, including by seeking to join in a class action settlement or to pursue a separate suit.

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 XIIIID. Article XIIIID 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 XIIIID 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 XIIIID 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 XIIIID, 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 XIIIID, 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 XIIIID 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, and they may not be imposed to pay for general governmental services.

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 XIIIID 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 XIIIID 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* and held that fees and charges for ongoing domestic water service through an existing connection were property related fees and charges under Article XIID.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015), upholding an urban water provider’s tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion included a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District believes that its rate structure for the Water System is distinguishable from the structure deemed unconstitutional in San Juan Capistrano and is consistent with Proposition 218 and the Constitution.

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 California 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. In 2013, the court of appeal held in *Mission Springs Water District v. Verjil* that an initiative could not compel a county water district to violate the statute requiring that its rates be fixed high enough to cover certain specified costs. On August 3, 2020, the Supreme Court of California ruled in *Wilde v. City of Dunsmuir*, Case Number S252915, that municipal water rates and other local utility charges are not subject to referendum. 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 water rates and charges in a manner which would be inconsistent with the statutory or contractual obligations of the legislative body of the 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.

The District will continue to comply with the provisions of Articles XIIC and XIID and implementing legislation in connection with future rate increases, as such requirements may be interpreted by state courts.

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 XIIIB, XIIIC 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 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 paid with respect thereto to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest paid with respect to the Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery 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 paid with respect

to 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. Special Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Best Best & Krieger LLP, Special 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 paid with respect to the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special 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, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations.

State Taxes

Special Counsel is also of the opinion that interest paid with respect to the Certificates is exempt from personal income taxes of the State of California (the “State”) under present State law. Special 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

Special 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 paid with respect to 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.

Special 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 paid with respect to 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 paid with respect to 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.

Special Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Certificates may affect the tax status of interest paid with respect to the Certificates. Special Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Certificates, or the interest with respect thereto, 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 the Trust Agreement and certain other legal matters are subject to the approval of Best Best & Krieger 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 execution and delivery 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 and the Installment Sale 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. From time to time, the District may be a party to a variety of pending and threatened lawsuits and administrative proceedings, including those that may affect the District or its facilities, including the lawsuits described below.

Certain Litigation Affecting Property of the District

Plone Trust, et al. v. Kalousd Pandazos, et al., Los Angeles Superior Court Case No. 21STCV19845 (Case #1); and *Perry Lazar, et al. v. County of Los Angeles, et al.*, Los Angeles Superior Court Case No. 22STCV34822 (Case #2).

The District is named in two consolidated lawsuits. Case #1 was filed in 2021; Case #2 was filed in 2022. Both cases are brought by the claimed owner (the "Plaintiff") of a parcel of land in an unincorporated area of La Crescenta (the "Parcel") in Los Angeles County. The boundaries of the Parcel overlap with the District's Edmond No. 2 Reservoir. Edmond No. 2 Reservoir was constructed in the late 1960s and can hold up to 500,000 gallons of water (out of the total District capacity of 14.8 million gallons). The Plaintiff claims to have acquired ownership of the Parcel through a 2003 grant deed from the previous owners who acquired the Parcel by tax lien sale conducted by the County in 1980. Case #1 seeks to have the Plaintiff declared the owner of the Parcel, including the portion overlapping Edmond No. 2 Reservoir. The District denies the Plaintiff's allegations and asserts that it owns the entirety of the land on which Edmond No. 2 Reservoir is located. The Plaintiff has filed a motion for summary judgment, which is set for hearing on October 27, 2023. The District has reserved a hearing date for its own motion for summary judgment on February 14, 2024. A non-jury trial in Case #1 is set to commence on March 27, 2024.

Case #2 is still in the pleading stage. A third amended complaint was filed on September 26, 2023. The complaint seeks damages against the County and the District for negligence in connection with the 1980 tax sale, the indexing of the deed that evidences the District's interest in the Parcel, and alleged negligent surveys and mapping of the Parcel. The District expects to file a demurrer to the Third Amended Complaint. A jury trial in Case #2 is set to commence on May 15, 2024.

While Case #1 and Case #2 are in the early stages of litigation and therefore it is difficult for the District to accurately assess the likelihood of success or the amount of any potential loss to the District, the District currently expects to prevail in both cases based on the strength of its position. In the event that the District is unsuccessful and the Plaintiff prevails in either or both cases, the District believes it would have the right to reacquire the Parcel by condemnation. In that event, the District could also be liable for damages. As of the date of this Official Statement, the District does not believe that an adverse determination of either or both cases, would have a material adverse effect on the District's operations or ability to make timely payments under the Installment Purchase Agreement.

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Certificate 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, 2024, 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 a continuing disclosure certificate entered into in connection with the issuance of the Series 2020 Certificate (together, the "Prior Continuing Disclosure Undertaking"). Pursuant to the Prior Continuing Disclosure Undertaking, 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 has complied with its Prior Continuing Obligations in all material respects.

RATING

S&P Global Ratings ("S&P") has assigned the Certificates the rating of "AA-" (stable outlook). Such rating reflects 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 Certificate for the Certificates to file on EMMA, notices of any rating changes on the Certificates. See the caption "CONTINUING DISCLOSURE" and Appendix D. Notwithstanding such covenant, information relating to rating changes on the Certificates may be publicly available from S&P 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 S&P and its website and official media outlets for the most current rating 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 is contingent upon the execution and delivery of the Certificates.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) pursuant to a Purchase Contract, dated _____, 2024, by and among the Underwriter, the Corporation and the District (the “Purchase Contract”). The purchase price of the Certificates is equal to \$_____, being the aggregate principal amount of the Certificates of \$[PAR], [plus/minus] [net] 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.

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, 2021 AND 2022**

APPENDIX C**FORM OF LEGAL OPINION**

_____, 2024

Crescenta Valley Water District
2700 Foothill Blvd
La Crescenta, CA 91214

Re: \$_____ Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

Ladies and Gentlemen:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the Crescenta Valley Water District (the “District”) in connection with the authorization, execution and delivery by the District of the Trust Agreement, dated as of January 1, 2024 (the “Trust Agreement”), by and among the District, the Crescenta Valley Water District Financing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”); and such other information and documents as we consider necessary to render this opinion.

Pursuant to the Trust Agreement, the Trustee has agreed to execute and deliver the above-captioned certificates of participation (the “Certificates of Participation”) evidencing proportionate undivided interests in installment payments to be made by the District pursuant to the Installment Purchase Agreement, dated as of January 1, 2024 (the “Installment Purchase Agreement”), by and between the District and the Corporation.

Based on the foregoing, we are of the opinion that the obligation of the District to pay installment payments under the Installment Purchase Agreement is a valid and binding obligation payable from any source of available revenues and certain amounts held in the funds and accounts created by the Trust Agreement for the benefit of the Owners of the Certificates of Participation.

We are further of the opinion that the Trust Agreement and the Installment Purchase Agreement have been duly authorized, executed and delivered by the District and the Corporation and constitute valid and legally binding agreements of the District and the Corporation enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights and except as their enforcement may be subject to the application of equitable principles and exercise of judicial discretion in appropriate cases. The Certificates of Participation have been duly executed and delivered by the Trustee and are entitled to the benefits of the Trust Agreement.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain investment, rebated requirements which must be met subsequent to the issuance and delivery of the Certificates of Participation for the portion of each installment payment due under the Installment Purchase Agreement designated as and comprising interest and received by the owners of the Certificates of Participation (the “Interest Component”) to be and remain excluded from gross income for purposes of federal taxation. Noncompliance with such requirements could cause the Interest Component to be included in federal gross income retroactive to the date of delivery of the Certificates of Participation. Pursuant to the Trust

Agreement and the Installment Purchase Agreement, the District has covenanted to comply with the requirements of the Code.

We are of the opinion that, under existing statutes, regulations, rulings and court decisions, assuming compliance with the aforementioned covenant, the Interest Component is excluded from gross income for purposes of federal income taxation. We are further of the opinion that the Interest Component is not a specific preference item for purposes of the alternative minimum tax imposed on individuals and corporation, however, the Interest Component is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Although the Interest Component is excluded from gross income for purposes of federal income taxation, the accrual or receipt of the Interest Component may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

We are further of the opinion that the Interest Component is exempt from personal income taxation imposed by the State of California.

Respectfully submitted,

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APPENDIX D**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

Upon execution and delivery of the Certificates, the District will enter into a Continuing Disclosure Certificate in substantially the following form:

THIS CONTINUING DISCLOSURE CERTIFICATE dated [____], 2024 (the “Disclosure Agreement”) is executed and delivered by the Crescenta Valley Water District (the “District”) and accepted by 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 2024 (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of [____] 1, 2024 (the “Trust Agreement”), by and among the District, the Crescenta Valley Water District Financing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association (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 Campanile Group, Inc., 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 January 1, 2024, 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 April 1, commencing with the report due on April 1, 2024, 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, in a timely manner, 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) Historic Water Production;
- (ii) Historic Water Accounts;
- (iii) Historic Sales Revenue;
- (iv) Largest Customers;
- (v) Water Rate Structure;
- (vi) Capital Charges; and
- (vii) Historic Operating Results (including debt service coverage).

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 of the District, 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 of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect holders of the Certificates.

(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, if the District has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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: [_____], 2024

CRESCENTA VALLEY WATER DISTRICT

By: _____
Its: President

ACCEPTED BY:
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 2024

Date of Execution and Delivery [____], 2024

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 Certificate approved pursuant to a Resolution adopted by the Board of Directors of the District on [____], 2024. 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") 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 3.6 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 has a Standard & Poor's rating of AA+. 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 certificates 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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.

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 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Corporation believe to be reliable, but neither the District nor the Corporation take responsibility for the accuracy thereof.

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\$[PAR]
**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

PURCHASE CONTRACT

[Pricing Date]

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 (Water System Improvement Projects), Series 2024 (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 (\$[PAR].00), *plus* net 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. Certificate Terms; Purpose; Security.

(a) Certificate 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 January 1, 2024 (the "**Trust Agreement**"), by and among the Corporation, the District and U.S. Bank Trust Company, 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 January 1, 2024 (the "**Installment Purchase Agreement**"), between the District and the Corporation.

Pursuant to an Assignment Agreement dated as of January 1, 2024 (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; and (ii) 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 on a parity with the District's installment payment obligations under the Installment Purchase Agreement, dated as of September 1, 2020 (the "**2020 Installment Purchase Agreement**"), by and between the District and the Corporation. 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 [POS Date] (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), 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 Campanile Group, Inc., 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 December 12, 2023 (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 December 12, 2023 (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 _____, 2023 (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 [Closing Date], 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 Best Best & Krieger 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 Purchase Contract 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," "PLAN OF FINANCE," "THE CERTIFICATES," "SECURITY FOR THE CERTIFICATES," "TAX MATTERS," "CERTAIN LEGAL MATTERS," in "APPENDIX A – SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS," and "APPENDIX C – FORM OF LEGAL 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 Lagerlof 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, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(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. 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, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(ix) The Corporation Resolution was duly adopted at a special 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. 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 copy of the Continuing Disclosure Due Diligence Report.

(19) A certificate of Campanile Group, Inc., as municipal advisor, in substantially the form attached hereto as Exhibit F.

(20) A parity debt certificate of the District containing the calculations required under Section 5.3 of the 2020 Installment Purchase Agreement, together with a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor (as such terms are defined in said agreement) in form and substance required by said section.

(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 Certificates. 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, 2121 Avenue of the Stars, Suite 2150, Los Angeles, California 90067, 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.

[Signature Page Follows]

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

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>

T: Term Certificate.

C: Priced to optional redemption date of September 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 September 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 September 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 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__ 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 (September 1)</i>	<i>Principal Amount</i>

†

† Final Maturity.

If some but not all of the Certificates maturing on September 1, 20__ are optionally prepaid, the principal amount of the applicable Certificates to be prepaid pursuant to mandatory sinking fund prepayments 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.

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__ 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 (September 1)</i>	<i>Principal Amount</i>

†

† Final Maturity.

If some but not all of the Certificates maturing on September 1, 20__ are optionally prepaid, the principal amount of the applicable Certificates to be prepaid pursuant to mandatory sinking fund prepayments 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.

EXHIBIT B

**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

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

\$(PAR)
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

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 [Pricing Date], 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: [Closing Date]

**CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION**

By: _____
Authorized Officer

EXHIBIT D

**§[PAR]
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

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 [Pricing Date], 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: [Closing Date]

CRESCENTA VALLEY WATER DISTRICT

By: _____
Authorized Officer

EXHIBIT E

\$(PAR)
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

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 Trust Company, 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 January 1, 2024 (the "Trust Agreement"), by and among the Corporation, the Crescenta Valley Water District and the Trustee; and (ii) Assignment Agreement dated as of January 1, 2024 (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 [Pricing Date], among the District, the Corporation and Stifel, Nicolaus & Company, Incorporated, as underwriter.

Dated: [Closing Date]

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT F

\$[PAR]
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

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 [POS Date] and the final Official Statement dated [Pricing Date] (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: [Closing Date]

CAMPANILE GROUP, INC.,
as Municipal Advisor

By: _____
Authorized Officer

EXHIBIT G

\$[PAR]
**CRESCENTA VALLEY WATER DISTRICT
 REVENUE CERTIFICATES OF PARTICIPATION
 (WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

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. **Purchase Contract.** On [Pricing Date] (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 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.**]

2. **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, 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).
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 [Closing Date] 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: [Closing Date]

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

**[\$[PAR]
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2024**

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.*

- (e) 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”).
- (f) 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 [Closing Date] 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**]

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 3
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: Arturo Montes, Finance and Administration Manager
Subject: **Resolution 791 – District Investment Policy for 2024**

ACTION ITEM:

Consideration and motion to adopt Resolution No. 791, outlining the District's Investment Policy for 2024.

BACKGROUND:

California Government Code Sections 5922 and 53601 et seq. directs the District to prepare and submit a statement of investment policy in accordance with the Government Code to the Board of Directors. This Investment Policy and any changes thereto are to be considered at a public meeting.

The Investment Policy is as recommended by the District's investment manager, Chandler Asset Management, which in turn adheres to the State's investment parameters and utilizes the policy to make investments on behalf of the District. The primary considerations for investment are: 1) safety; 2) liquidity; and 3) return on investment. The District's positions reflect a conservative approach that prioritizes safety and liquidity over return on investment.

A redlined copy of the updated Resolution has been provided as an attachment. Several changes have been incorporated into the policy, emphasizing enhanced risk management measures. The changes restrict eligible investments and increase diversification by placing limits on individual investments, issuers, and categories.

RECOMMENDATION:

It is staff's recommendation that the Board adopt Resolution No. 791 to approve the District's Investment Policy for Calendar Year 2024 as presented.

Prepared and Submitted by:



Arturo Montes
Finance & Administration Manager

Attachment(s): 1) Resolution No. District 791

RESOLUTION NO. 791

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT ESTABLISHING ITS INVESTMENT POLICY

1. POLICY

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the Treasurer of the Crescenta Valley Water District ("District") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Directors at a public meeting;

NOW THEREFORE, it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall be responsible for all transactions undertaken and shall make a monthly report of those transactions to the Board of Directors. Under the provisions of California Government Code 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

The District may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives.

The District's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The District recognizes that in a diversified portfolio, occasional measured losses may be inevitable and must be considered within the context of the overall portfolio's return and the cash flow requirements of the District.

6.0 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the District shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Selection of broker/dealers used by an external investment adviser retained by the District will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded. If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District's investments are governed by California Government Code Section 53601 et seq. Within the investments permitted by the Code, the District seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

- a. United States Treasury Bills, Notes, Bonds, and Certificate of Indebtedness.

- b. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of revenues from 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 California. The securities are rated in a rating category of "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO"). No more than 30% of the portfolio may be in Municipal Securities.
- c. Bonds, notes, warrants or other evidence of debt issued by the District, the State of California or a local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. The securities are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. No more than 30% of the portfolio may be in Municipal Securities.
- d. Federal agency or United States Government-Sponsored Enterprise (GSE) obligations, participations, or other instruments, including those issued by, or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. No more than 30% of the portfolio may be invested in any single Agency/GSE issuer. The maximum percent of callable agency securities in the portfolio will be 20%.
- e. Bankers' acceptances, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchase of bankers' acceptances may not exceed one hundred eighty (180) days' maturity or forty percent (40%) of the District's money that may be invested pursuant to this policy. They must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or its equivalent or better by at least one NRSRO.
- f. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall either be:
 - (1) organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars (\$500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO; or
 - (2) organized within the United States as a special purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maximum maturity of two hundred seventy (270) days or less. The District shall invest no more than twenty-five percent (25%) of its money in eligible commercial paper. The District shall purchase no more than ten percent (10%) of the outstanding commercial paper of any single corporate issue.
- g. Negotiable certificates of deposit issued by a nationally or state chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed thirty percent (30%) of the District's money which may be invested pursuant to this policy. The Board of Directors and the General Manager are prohibited from investing District funds, or funds in the District's custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Directors, or any person with investment decision making authority within the District also serves on the board of directors, or any committee

appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit. The amount of the NCD insured up to the FDIC limit does not require any credit ratings and any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or its equivalent or better by at least one NRSRO; or long-term obligations rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

- h. Repurchase Agreements of any securities authorized by Section 53601. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j). Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third party custodian. Repurchase Agreements are subject to a Master Repurchase Agreement between the District and the provider of the repurchase agreement. The Master Repurchase Agreement will be substantially in the form developed by the Securities Industry and Financial Markets Association (SIFMA). The maximum maturity does not exceed one (1) year.
- i. Medium term notes, defined as all corporate and depository institution debt securities issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. Purchases of medium term notes shall not include other instruments authorized by this policy and shall not exceed thirty percent (30%) of the District's money which may be invested pursuant to this policy. The District may invest no more than ten percent (10%) of its total investment assets in the commercial paper and the medium-term notes of any single issuer.
- j. Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed twenty percent (20%) of the District's investments under this policy. However, no more than ten percent (10%) of the District's money may be invested in any one mutual fund.
- k. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.
- l. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.
- m. A mortgage pass-through security, collateralized mortgage obligation, asset-backed, mortgage-backed or other pay-through bond, equipment lease backed certificate, consumer receivable pass-through certificate, or consumer receivable backed bond from Issuers not defined in sections a and

- d. The securities shall be rated in a rating category of “AA” or its equivalent or better by a NRSRO. Purchase of securities authorized by this subdivision shall not exceed twenty percent (20%) of the District’s money that may be invested pursuant to this policy. No more than five percent (5%) of the portfolio may be invested in any single asset-backed or commercial mortgage security issuer.
- n. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible, the joint powers authority issuing the shares must have retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, have not less than five years of experience in investing in the securities and obligations authorized under Government Code Section 53601, and have assets under management in excess of five hundred million dollars (\$500,000,000.00).
- o. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. These types of investments must be rated in a rating category of “AA” or its equivalent or better by a NRSRO and cannot exceed 30% of the District’s moneys that may be invested pursuant to Section 53601. No more than 10% of the portfolio may be invested in any single issuer.
- p. Deposits at a commercial bank, savings bank, savings and loan association or credit union that uses a private sector entity that assists in the placement of such certificates of deposit, pursuant to Government Code Section 53601.8. Deposits shall be subject to Government Code Section 53638 and may not exceed 50% of the District’s money which may be invested pursuant to this policy.

9.0 **PROHIBITED INVESTMENTS**

Any investments not specifically described in Section 8.0 are prohibited. In addition, as a matter of state law and policy, the District has chosen not to invest in the following:

- a. Investment in futures and options is prohibited.
- b. In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- c. Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. Under a provision sunseting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
- d. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- e. Purchasing or selling securities on margin is prohibited.
- f. The use of reverse repurchase agreements as a form of leverage, securities lending or any other form of borrowing or leverage is prohibited.
- g. The purchase of foreign currency denominated securities is prohibited.
- h. Agencies that are not Qualified Institutional Buyers (QIB) as defined by the Securities and Exchange Commission are prohibited from purchasing Private Placement Securities. The SEC defines a QIB as having at least \$100,000,000 in securities owned and invested.
- i. The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

10.0 COLLATERALIZATION

Certificates of Deposit (CDs): The District shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.

Bank Deposits: This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds. The District shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

Repurchase Agreements: The District requires that Repurchase Agreements be collateralized only by securities authorized in accordance with California Government Code:

- a. The securities which collateralize the repurchase agreement shall be priced at Market Value, including any Accrued Interest plus a margin. The Market Value of the securities that underlie a repurchase agreement shall be valued at 102% or greater of the funds borrowed against those securities.
- b. Financial institutions shall mark the value of the collateral to market at least monthly and increase or decrease the collateral to satisfy the ratio requirement described above.
- c. The District shall receive monthly statements of collateral.

11.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

12.0 RISK MANAGEMENT AND DIVERSIFICATION

The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be reviewed and revised by the Finance Committee periodically if determined necessary to meet District goals. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- b. Maturities selected shall provide for stability of income and liquidity.
- c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.
- d. No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single unless otherwise specified in this policy.
- e. If a security owned by the District is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:
 - a. Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
 - b. If a decision is made to retain the security, the credit situation will be monitored and reported to the Board of Directors.
- f. Credit risk is the risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. The District will mitigate credit risk

by adopting diversification requirements, issuer limitations and language that downgrades credit ratings. The District may elect to sell a security prior to its maturity and record a capital gain or loss in order to manage the quality, liquidity or yield of the portfolio in response to market conditions or District's risk preferences.

- g. Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The District recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The District will mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The District further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments.
- h. The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.
- i. The duration of the portfolio will generally be approximately equal to the duration (typically plus or minus 20%) of a market benchmark, an index selected by the District based on the District's investment objectives, constraints and risk tolerances.

13.0 REPORTING

The Treasurer shall submit to the Board of Directors an investment report at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third-party contracted managers. The report will also include the source of the portfolio valuation. For funds which are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the District will meet its expenditure obligations for the next six months. The Treasurer shall maintain a complete and timely record of all investment transactions.

Monthly transaction reports will be submitted by the Treasurer to the Board of Directors within 30 days of the end of the reporting period in accordance with California Government Code Section 53607.

14.0 INTERNAL CONTROLS

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Periodically, as deemed appropriate by the District and/or the Board of Directors, an independent analysis by an external auditor shall be conducted to review internal controls, account activity and compliance with policies and procedures.

15.0 PORTFOLIO REVIEW AND PERFORMANCE EVALUATION:

The Treasurer shall periodically, but no less than quarterly, review the portfolio to identify investments that do not comply with this investment policy and establish protocols for reporting major and critical incidences of noncompliance to the Board of Directors.

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account the District's risk constraints, the cash flow characteristics of the portfolio, and state and local laws, ordinances or resolutions that restrict investments.

The Treasurer shall monitor and evaluate the portfolio's performance relative to the chosen market benchmark(s), which will be included in the Treasurer's quarterly report. The Treasurer shall select an appropriate, readily available index to use as a market benchmark.

16.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the District. Moreover, the Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on December 12, 2023. Resolution No. 791 was adopted by the following vote:

AYES:

NOES:

ATTEST:

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

Secretary of the Board of Directors

GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by a *government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “FreddieMac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and FreddieMac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “FannieMae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as “GinnieMae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

AVERAGE LIFE. In mortgage-related investments, including CMOs, the average time to expected receipt of principal payments, weighted by the amount of principal expected.

BANKER’S ACCEPTANCE. A money market instrument created to facilitate international trade transactions. It is highly liquid and safe because the risk of the trade transaction is transferred to the bank which “accepts” the obligation to pay the investor.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from their own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate.

CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM (CDARS). A private placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insurance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED BANK DEPOSIT. A bank deposit that is collateralized at least 100% (principal plus interest to maturity). The deposit is collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of

- mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.
- COLLATERALIZED TIME DEPOSIT.** Time deposits that are collateralized at least 100% (principal plus interest to maturity). These instruments are collateralized using assets set aside by the issuer such as Treasury securities or other qualified collateral to secure the deposit in excess of the limit covered by the Federal Deposit Insurance Corporation.
- COMMERCIAL PAPER.** The short-term unsecured debt of corporations.
- COUPON.** The rate of return at which interest is paid on a bond.
- CREDIT RISK.** The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.
- DEALER.** A dealer acts as a principal in security transactions, selling securities from and buying securities for their own position.
- DEBENTURE.** A bond secured only by the general credit of the issuer.
- DELIVERY VS. PAYMENT (DVP).** A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser's agent.
- DERIVATIVE.** Any security that has principal and/or interest payments which are subject to uncertainty (but not for reasons of default or credit risk) as to timing and/or amount, or any security which represents a component of another security which has been separated from other components ("Stripped" coupons and principal). A derivative is also defined as a financial instrument the value of which is totally or partially derived from the value of another instrument, interest rate, or index.
- DISCOUNT.** The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker's acceptances, are known as discount securities. They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.
- DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.
- DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.
- FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.
- FEDERALLY INSURED TIME DEPOSIT.** A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.
- LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.
- LIQUIDITY.** The speed and ease with which an asset can be converted to cash.
- LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.
- LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.
- MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."
- MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or

interest rates.

MARKET VALUE. The price at which a security can be traded.

MATURITY. The final date upon which the principal of a security becomes due and payable. The investment's term or remaining maturity is measured from the settlement date to final maturity.

MEDIUM TERM NOTES. Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

MODIFIED DURATION. The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.

MONEY MARKET. The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.

MONEY MARKET MUTUAL FUND. A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.

MORTGAGE PASS-THROUGH SECURITIES. A securitized participation in the interest and principal cash flows from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD). A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT PERSON (PRUDENT INVESTOR) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

REPURCHASE AGREEMENT. Short-term purchases of securities with a simultaneous agreement to sell the securities back at a higher price. From the seller's point of view, the same transaction is a reverse repurchase agreement.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC). The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION SEC) RULE 15c3-1. An SEC rule setting capital requirements for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover

the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE. A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities or indices. Examples include inverse floating rate notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising, and "dual index floaters," which pay interest based on the relationship between two other interest rates - for example, the yield on the ten-year Treasury note minus the Libor rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 4
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: Brook Yared, M.S., P.E. – Interim Director of Engineering & Operations
Subject: E-1046 Orange Ave Water Main Final Paving and Project Closeout

ACTION ITEM:

E-1046 Orange Ave Water Main Final Paving and Project Closeout – Consideration and motion to authorize the General Manager to adjust Bid Item 2 for Project E-1046 to omit final paving with J Vega and pursue final paving with Paveco Construction Incorporated at cost not to exceed \$95,000. Additionally, consideration and motion to authorize General Manager to increase contingency of E-1046 contract by 7%.

BACKGROUND:

Staff is closing out E-1046, the recent Orange Ave pipeline replacement project. Bid Item 2 (trench resurfacing) cost estimated by J. Vega increased from \$204,000 to \$361,020 due to square footage increase of 10,200 to 16,000 (57% increase). The square footage discrepancy is a result of trench width increases due to the removal of boulders during trench excavation. The District has historically dealt with the issue of boulder removal during trench excavation through quantity adjustments during construction. This method is considered ideal due to the variability of geological formations being difficult to capture in the estimating process. In addition to square footage increases in trench resurfacing, J. Vega has provided a log of Extra Work hours related to the removal of boulders during trench excavation.

Staff has conducted a comprehensive review and analysis of trench resurfacing costs along with associated Extra Work logs provided by J. Vega. The assessment revealed significant adjustments in estimated expenses and progress payments. To date, approximately 60% of the initial bid amount has been paid to J. Vega, totaling \$122,000. This leaves an estimated remaining budget of \$78,000 for trench resurfacing. J. Vega has submitted a final progress payment in which they are seeking to closeout Bid Item 2 at 100% of the original estimate.

DISCUSSION:

Staff has begun discussions of adjustments in compensation with J. Vega per the guidelines of Article 8-1 of the project specification General Provisions. Considering the large increase in paving quantities, staff began preparing an alternative plan for completing the final paving through another contractor.

The substantial 57% increase in square footage prompted a reevaluation of the budget allocation. Staff proposes adjusting Bid Item 2 to omit final paving. Furthermore, Staff is recommending compensating J. Vega an additional \$30,000-\$60,000 for the Extra Work of boulder removal, which was calculated after adjusting the logged Extra Work hours related to this task.

Staff additionally suggests engaging Paveco to complete the trench resurfacing. Paveco estimates the completion cost for this phase at \$95,000, including restriping crosswalks and stop signs. Transitioning to Paveco for the remainder of the resurfacing is projected to save \$62,000 compared to continuing trench resurfacing with J. Vega at their existing unit cost.

COST SUMMARY:

A summary of costs estimated on current progress payments, quote from Paveco and Extra Work hours submitted by J. Vega are provided below:

Id No.	E-1046 Closeout Cost Breakdown	Estimated Cost
1	Cost estimated to closeout Bid Item Number 2	\$71,800
2	Paveco Estimate	\$95,000
3	J. Vega Extra Work	\$30,000 - \$60,000
	Bid Item 2 Closeout and Extra Work Project Expenses	\$216,600

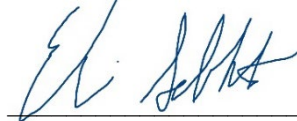
This transition to Paveco and Extra Work payment to J Vega will necessitate additional construction costs estimated at \$144,800 for the overall project, 17% of the original contract amount. However, it is anticipated that these expenses will be offset by the substantially mitigated cost overruns achieved by closing out Bid Item 2 with J. Vega and engaging Paveco for project completion when compared to continuing the project to close out with J. Vega.

The recommended course of action aims to ensure cost-efficiency while effectively concluding the project within the adjusted budget constraints.

RECOMMENDATION:

Staff recommends that the Board of Directors authorize the General Manager to award a contract to Paveco to provide services for completion of Bid Item 2 for Project E-1046 at cost not to exceed \$95,000. As well as authorize the General Manager to omit portions of payment for Bid Item 2 and provide an additional contingency of 7% to E-1046.

Prepared by:



Elias Sebhatu, P.E.
Senior Engineer

Submitted by:



Brook Yared, M.S., P.E.
Interim Director of Engineering & Operations

Attachments:

1. Paveco quote dated November 29, 2023

5049 Bleecker Street
Baldwin Park, CA 91706
E-mail: paveco@pavecoinc.com



PAVECO
CONSTRUCTION, INC.
Lic. No. 515002
Union Contractor
CPUC Certified WBE #90AS3014



Phone (626) 337-5589
Phone (818) 242-1733
Fax (626) 337-0549

DATE: 11/29/23

QUOTE #: 23-1110

TO: Christina Kopleman

EMAIL: ckopelman@cvwd.com

COMPANY: Crescenta Valley Water

PHONE #: (818) 521-8566

NO. OF PAGES INCLUDING COVER PAGE: -1-

FROM: Greg Fleming

COMPANY: PAVECO CONSTRUCTION, INC.

JOB LOCATION: 2600 – 2700 Blocks of Orange Ave

ASPHALT IMPROVEMENT

Grind and Cap approximately 16,000 Sq.Ft. with conventional asphalt then restripe.

FOR A PRICE PER SQUARE FOOT OF\$4.55/Sq.Ft.

EXCLUDES: Permits, Engineering, Inspection Fees, Compaction Tests, Removal and Replacement of petromat.

GF

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 5
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: James Lee – General Manager
Subject: Request for Proposals for General Counsel Legal Services

ACTION ITEM:

Discuss the issuance of a request for proposals for general counsel legal services.

BACKGROUND/DISCUSSION:

This is a placeholder for Board discussion.

RECOMMENDATION:

NA.

Prepared and submitted by:



James Lee
General Manager

CRESCENTA VALLEY WATER DISTRICT

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 6
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: Patrick Atwater – Regulatory and Public Affairs Manager
Subject: **Public Opinion Research Survey**

ACTION ITEM:

Public Opinion Research – Discuss public opinion research survey questions.

BACKGROUND/DISCUSSION:

In recognizing the importance of fostering open communication and involving residents in decision-making processes and to build transparency and trust, the Board conducted a workshop on October 18, 2023 and subsequently directed staff to develop and implement a long-term Public Engagement Master Plan as it relates to the broader Strategic Plan. The master plan represents a substantial investment, and ensuring that the District's efforts align with the community's expectations as appropriate is an important consideration for maximizing the investment of the District's resources.

Public utility agencies are increasingly utilizing public opinion research surveys to more accurately identify and understand the issues most important to their customers. Staff has engaged with Probolsky Research, a public opinion research firm that has conducted similar surveys for numerous public utilities and is familiar with the most relevant questions and how best to structure and phrase them to ascertain the best information. The proposed professionally conducted survey has methodological rigor that derives statistically significant data (+/-5% accuracy).

Staff has developed a set of survey questions in conjunction with Probolsky Research and Ann Newton, the District's public affairs consultant. Staff is requesting the Board's input on the survey questions. Mr. Probolsky of Probolsky Research and Ann Newton will be available as resources to the Board.

RECOMMENDATION:

Discuss public opinion research survey questions.

Prepared and submitted by:



Patrick Atwater
Regulatory and Public Affairs Manager

CV Weekly

November 16, November 22 & November 30, 2023

CVWD Looking to Fill Board Vacancy

Crescenta Valley Water District (CVWD) will have a vacancy on its board of directors beginning Jan. 1, 2024.

Board members provide general oversight, guidance and direction to District staff concerning operations, finances and customer relations. The board typically meets the second and fourth Tuesdays of each month at 7 p.m., and board members are assigned on one to three committees that meet twice a month on average.

The board of directors seeks a board member who has the desire and ability to contribute to informed decision-making and to represent the best immediate and long-term interests of the community. The board also values diversity of opinion and experience.

The position is open to every registered voter who lives within CVWD's district boundaries and the term lasts until the next election in November 2024.

A copy of the District map is available at [www.cvwd.com/board-of-directors-](http://www.cvwd.com/board-of-directors-recruitment) recruitment.

To apply, please send a Statement of Interest (resume/ CV optional) to employment@cvwd.com or the District's office by Friday, December 1, at 4pm.

For more information, please contact the District's General Manager, James Lee, at (818) 248-3925 or jlee@cvwd.com.

CRESCENTA VALLEY WATER DISTRICT

General Manager Report

GM Report

December 12, 2023

To: Honorable President and Members of the Board of Directors
From: James Lee, General Manager
Subject: General Manager Report

General Manager's Report Topics:

- Public Engagement Master Plan update
- Emergency Response Plan update
- Infrastructure LA
- Field Maintenance & Operations Report – November 2023
- Finance & Administration Report – November 2023
- Engineering Report – November 2023
- Upcoming employee events: Holiday Luncheon

STAFFING

2 employees have a work anniversary in December: Rob Wood – 18 years; Jennifer Bautista – 4 years.

As of December 7th, November 9th, the District has gone 703 days without a lost time accident.

GENERAL MANAGER ACTIVITIES

Meetings:

Managers Meeting(s)	- November 26 th , December 4 th , December 11 th
Meeting with Rubio Canon Land & Water Assoc.	- November 15 th
CA Data Collaborative Executive Committee	- November 15 th
Staff All-Hands Meeting	- November 16 th
Executive Committee	- November 17 th
Thanksgiving Potluck	- November 21 st
ACWA Fall Conference	- November 28 th -30 th
Meeting with La Canada Irrigation District	- December 6 th
Meeting with Valley Water Company	- December 6 th
Water Quality Roadmap Meeting	- December 8 th

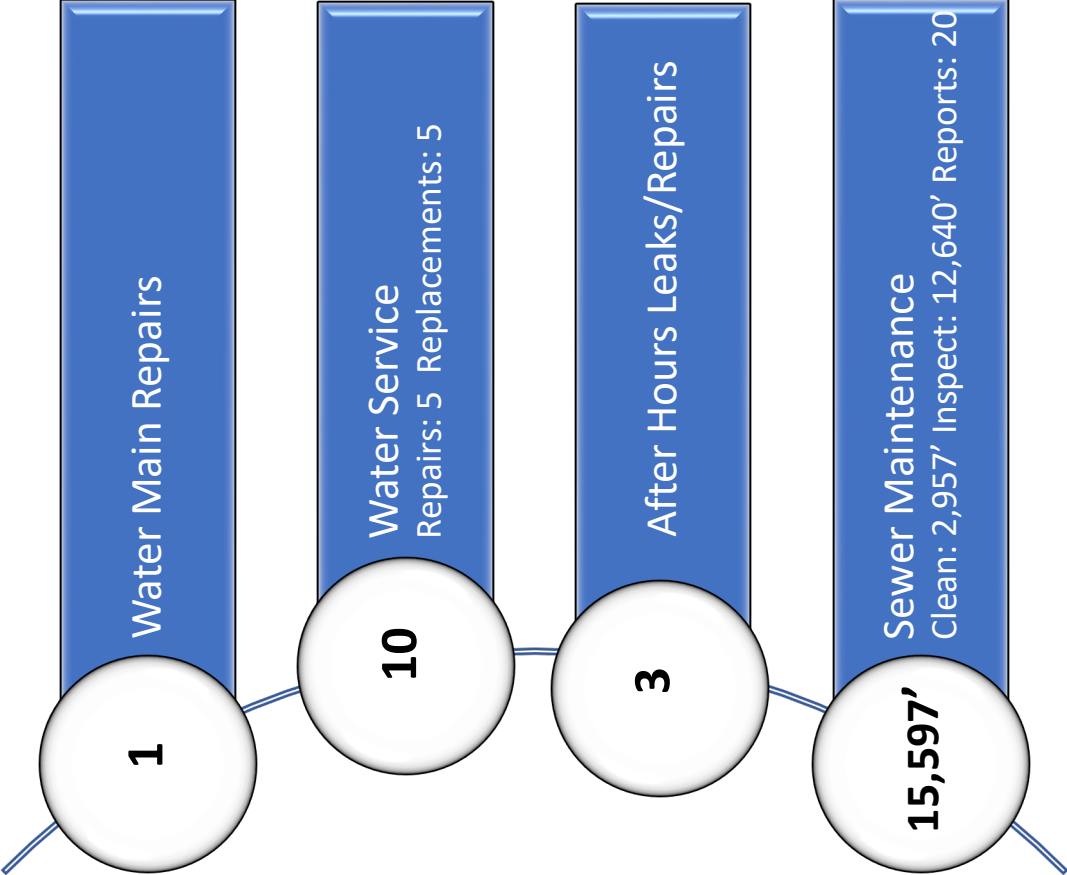
Submitted by:



James Lee
General Manager

Field Maintenance and Operations Report

November 2023



- **Field Maintenance Projects**

- * Rosemont Freeway Crossing – Remove & replace 12” main, 18” casing, disinfection, flushing & sampling
- * FMWD Berkshire Manifold complete

- **Operations Report**

- * Ed II – warranty inspection, maintenance, disinfection, sampling
- * Rosemont Freeway Crossing – Disinfect, flush & sample
- * Well #14 – Disinfection, flushing & sampling

- **Electrical/Telemetry**

- * E-962 & E-939 – integration build with Apex
- * Meter Testing – pump efficiency & production flow testing at Encinal & Williams

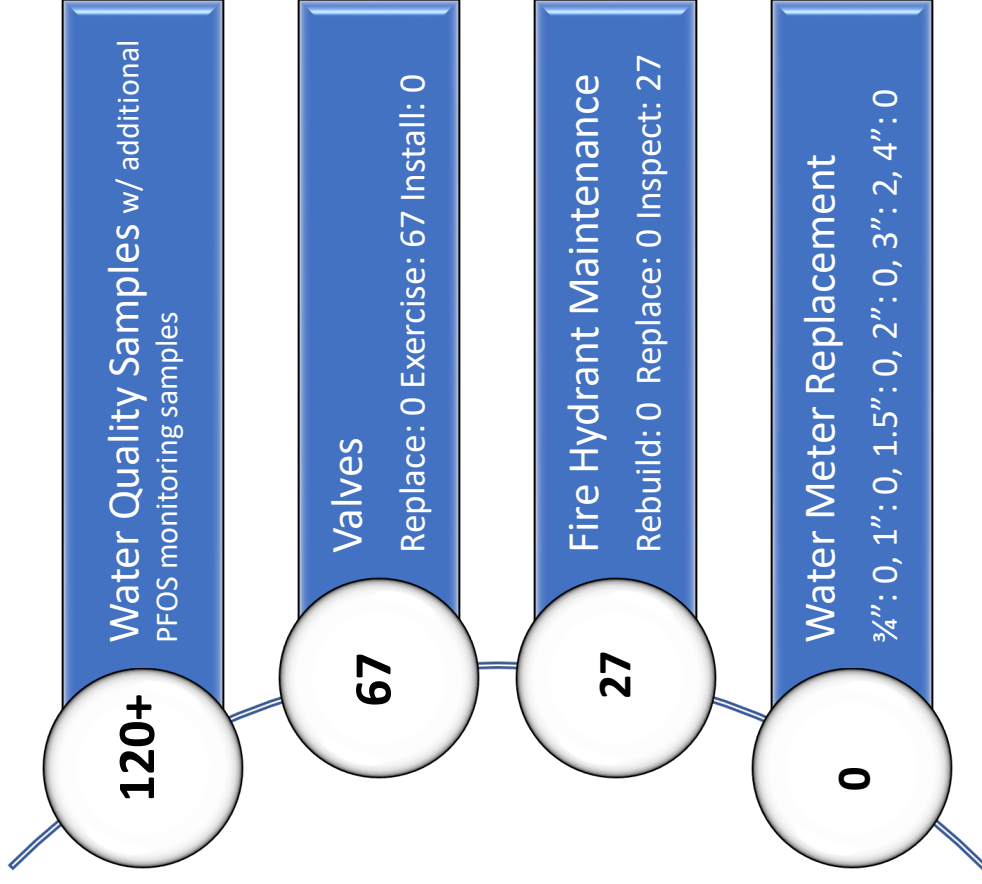
- **Wastewater**

- * Lift Station Visits: 4 (De-rag pumps, check valves & add degreaser)

Field Maintenance and Operations Report

November 2023

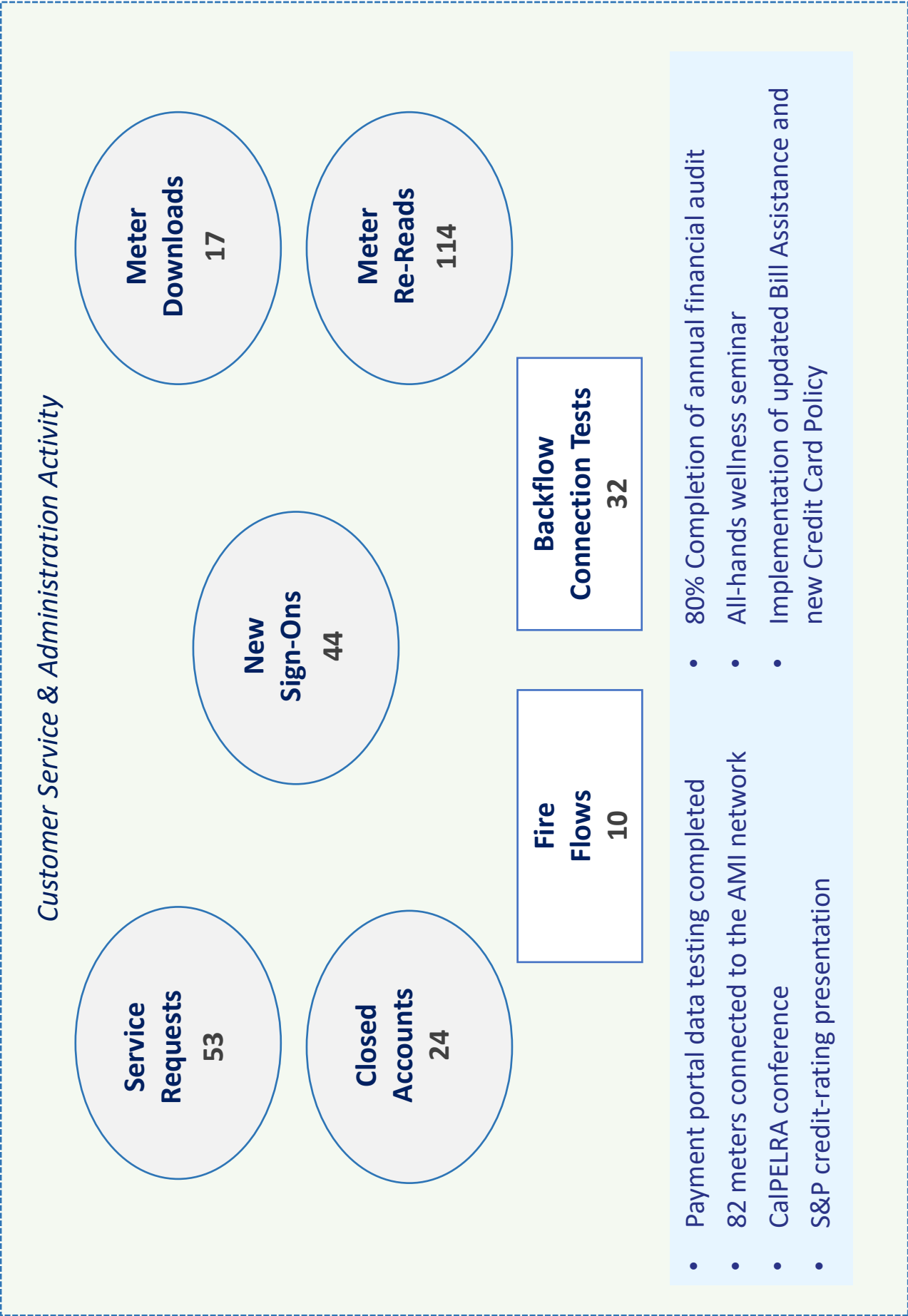
Days without a lost-time incident: 687



- **Training/Cross Training**
 - * SCE – Grid EOC Training & Observation
 - * FMWD Regional Table Top Exercise - ERP
- **Events**
 - * Thanksgiving Potluck
- **New Certification**
 - * None to report
- **Safety**
 - * Vehicle Inspection
 - * Community Emergency Response Team (CERT) - cancelled



Crescenta Valley Water District –Administration & Finance Report for
< October 2023>





Crescenta Valley Water District –Administration & Finance Report for

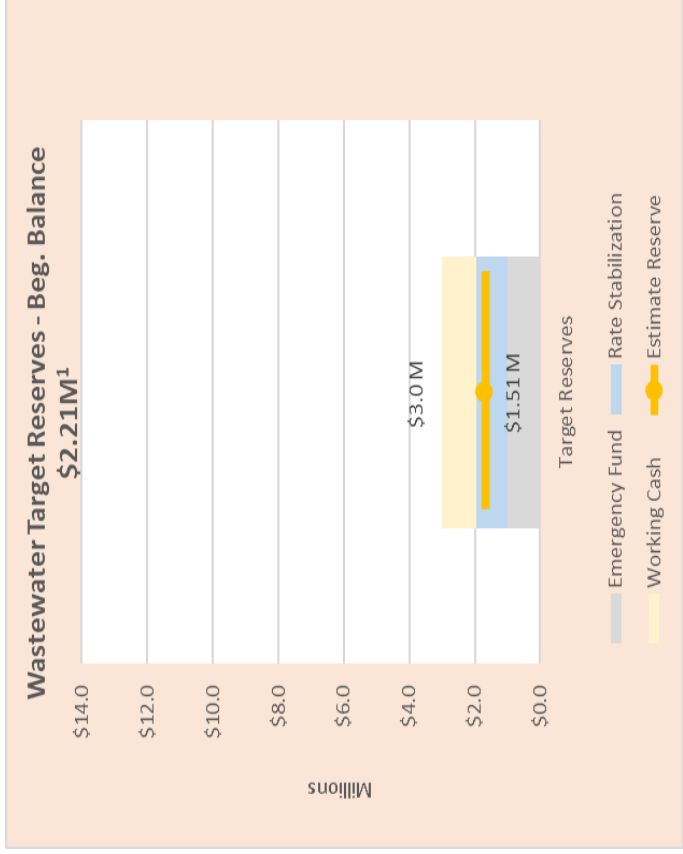
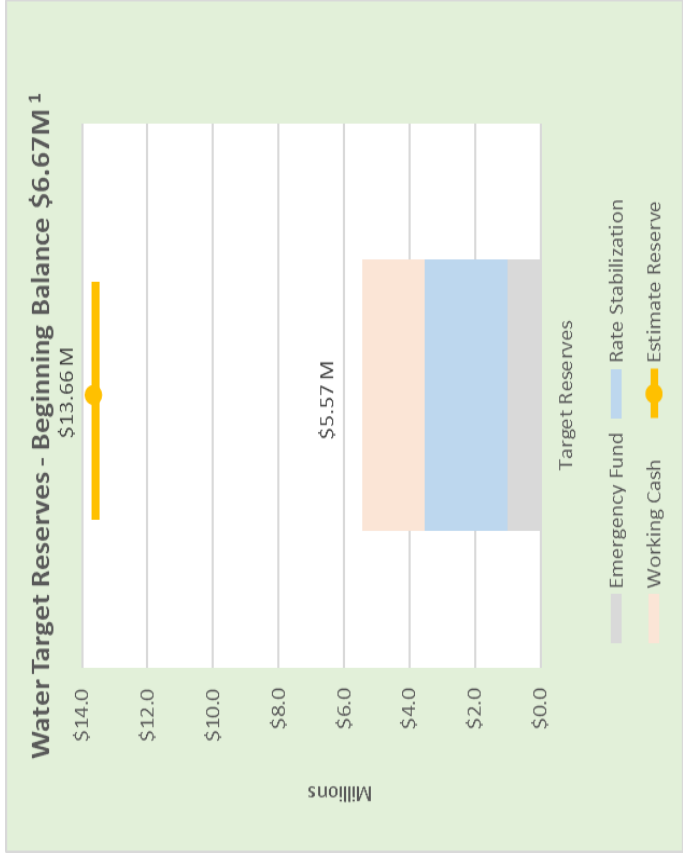
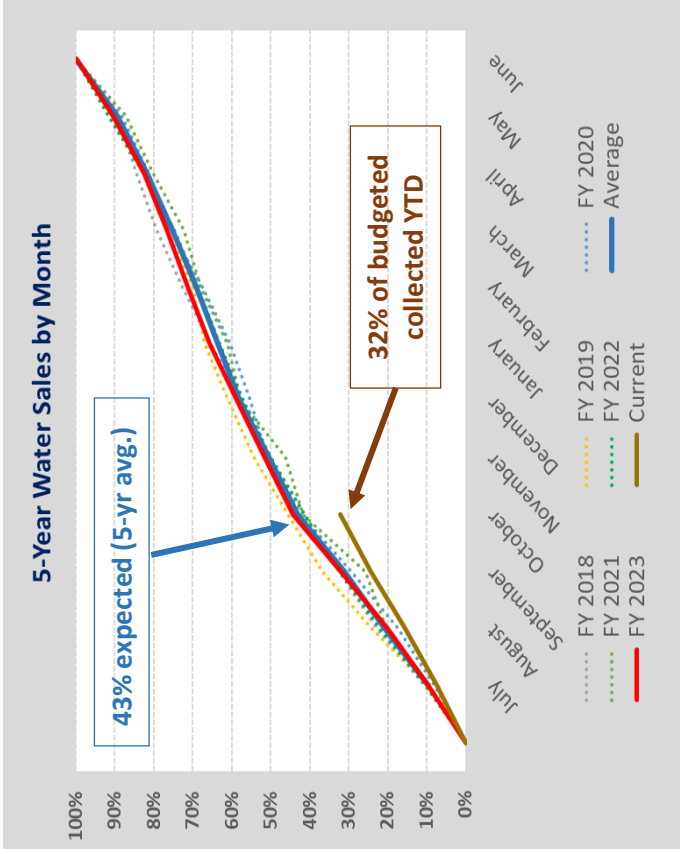
< *October 2023* >

Water Fund - revenues & operating expenses

Proj. Revenue	\$16,030,000	91%	Proj. Expense	\$12,000,000	99%
Budget	\$17,642,932		Budget	\$12,108,003	

Wastewater Fund - revenues & operating expenses

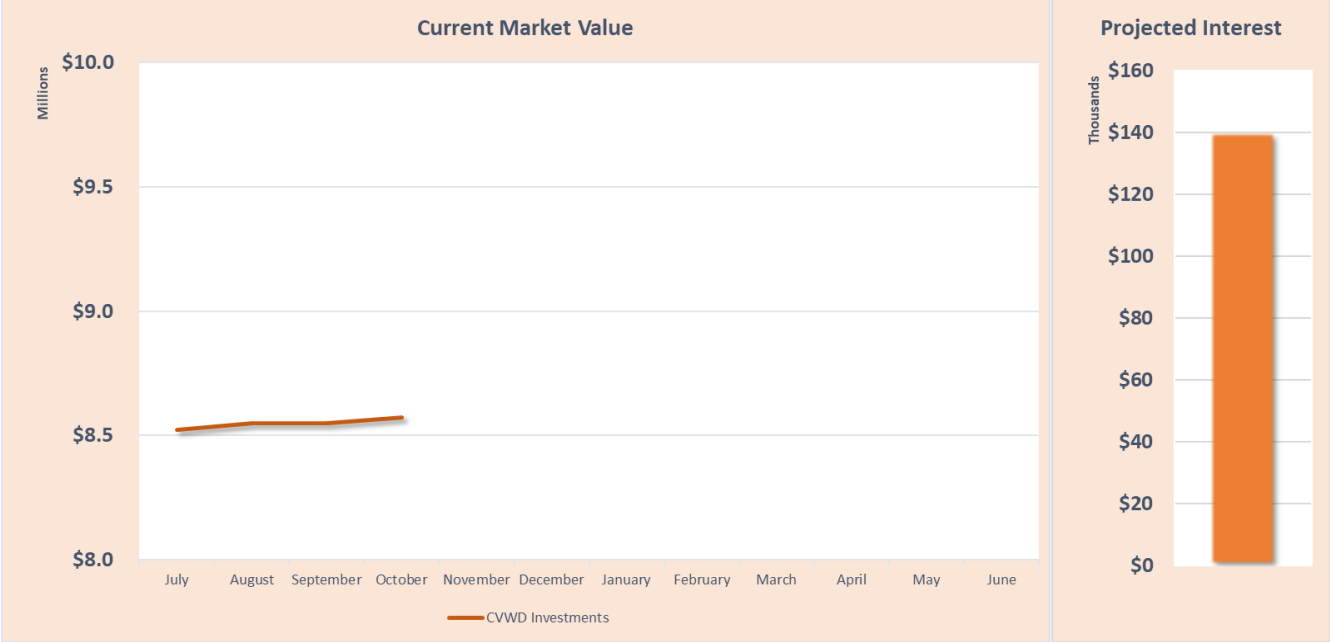
Proj. Revenue	\$3,870,000	102%	Proj. Expense	\$4,000,000	93%
Budget	\$3,786,595		Budget	\$4,322,300	



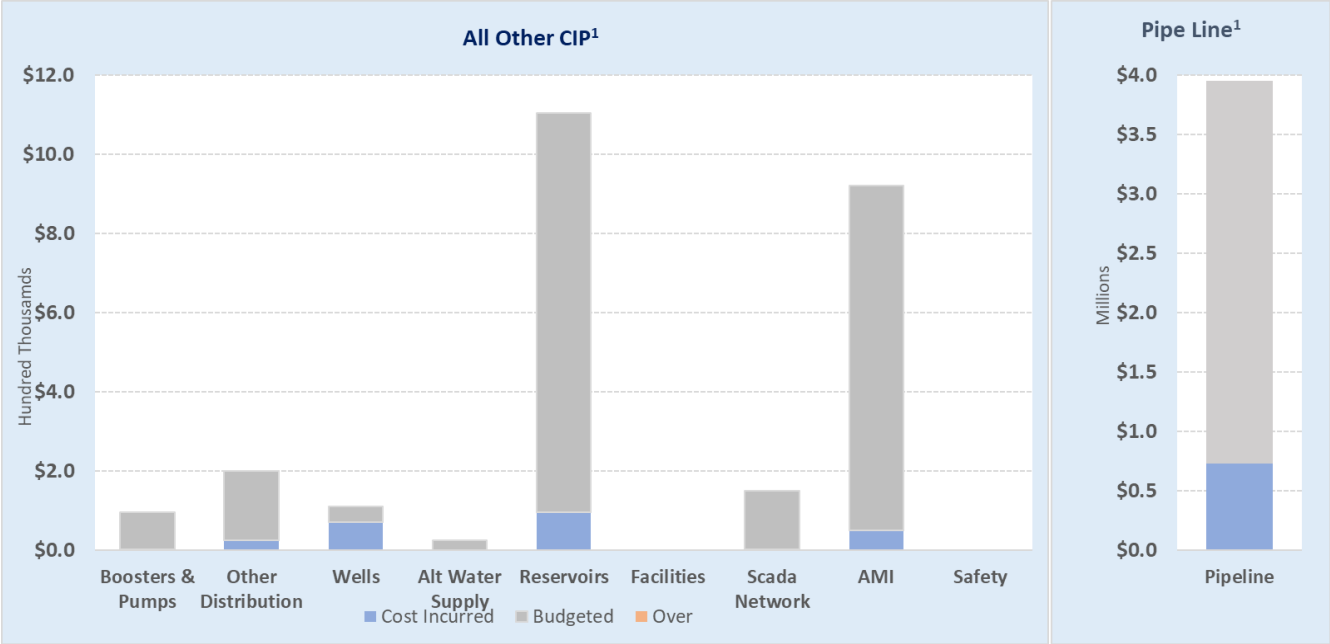
1. CVWD Reserve Policy reviewed on 8/18/23



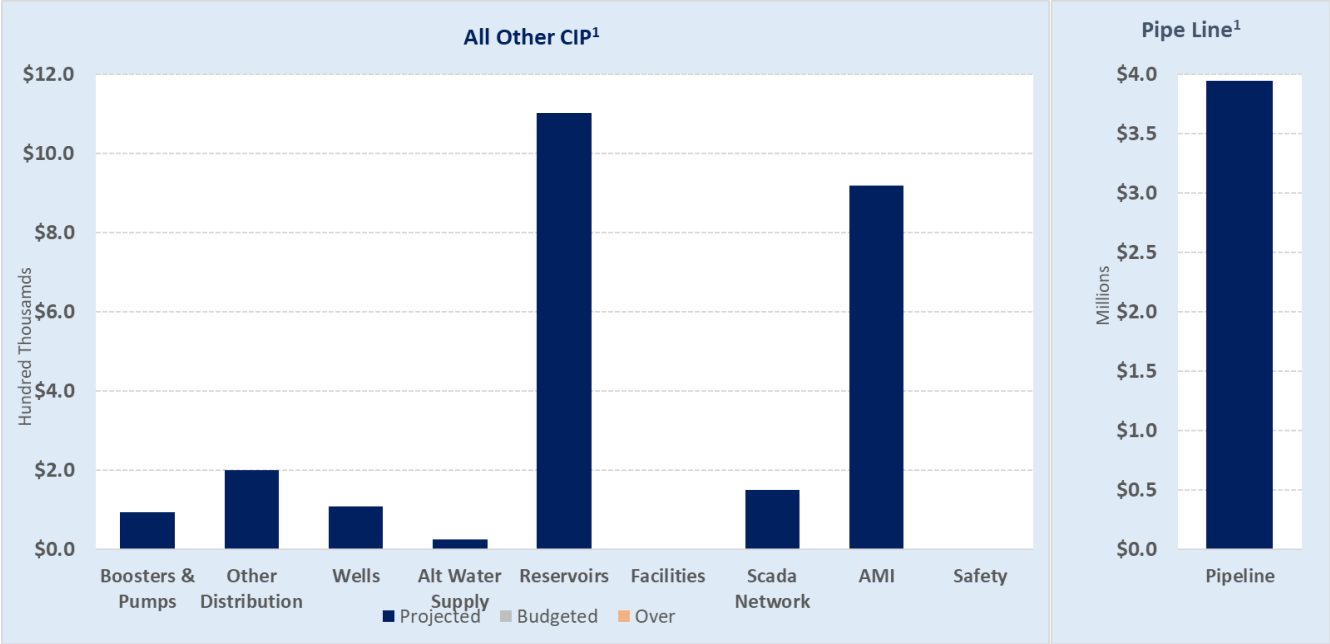
CVWD
Investments



CIP Costs
Incurred to
Date



CIP
Projected
vs.
Budgeted



1. Pipelines CIP reported separately to preserve scale of the graph

CRESCENTA VALLEY WATER DISTRICT

2700 FOOTHILL BOULEVARD
LA CRESCENTA, CALIFORNIA

To be held on
November 17, 2023 at 3:30 PM

Agenda for the Meeting of the Executive Committee
of the Crescenta Valley Water District

Posted November 16, 2023 at 3:30 PM

Call to Order

Adoption of Agenda

Action Item(s)

1. Discussion of General Manager expectations and goal setting
2. Discussion of District organizational plan
3. Discussion of Board reporting relationships

Committee Members' Request for Future Agenda Items

Closed Session - None

Adjournment

CRESCENTA VALLEY WATER DISTRICT

FINANCING CORPORATION

**2700 Foothill Boulevard
La Crescenta, California**

**Agenda for the Annual Meeting
of the Crescenta Valley Water District Financing Corporation
to be held on Tuesday, December 12, 2023**

Following the Regular Board Meeting

Posted: Friday, December 8, 2023 at 6:00 p.m.

This meeting will be conducted in person at the address listed above. Members of the public may also participate virtually by 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: 872 3831 1667

Those members of the public who are able to and would like to additionally participate through computer may access the Zoom audio & video conferencing tool available at the following link:

<https://us02web.zoom.us/j/87238311667>

If there is a disruption of service, this meeting will continue without remote participation. The remote participation option is provided as a convenience to the public and is not required.

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 customer service, at (818) 248-3925 or customerservice@cvwd.com by 3pm on December 12, 2023.

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 13, 2022.

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 Financing Corporation for 2023.
2. **Report of Financial Compliance**
3. **Resolution No. 003** - 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
FINANCING CORPORATION
REGULAR MEETING, BOARD OF DIRECTORS**

December 13, 2022

The Meeting of the Board of Directors of Crescenta Valley Water District Financing Corporation was held on December 13, 2022, at 9:16 p.m., in the office of the District, at 2700 Foothill Boulevard, La Crescenta, California, with President James Bodnar presiding.

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

Directors:	James D. Bodnar Sharon S. Raghavachary Kerry D. Erickson Judy L. Tejeda Jefferey W. Johnson
Attorney:	Thomas Bunn
General Manager:	Nem Ochoa
Director of Finance & Administration:	James Lee
Director of Engineering & Operations:	David Gould
Others Present:	Brook Yared, Engineering Manager Arturo Montes, Finance & Administration Manager Adam Sutphin, Analyst

PUBLIC COMMENTS – There were no public comments.

CONSENT CALENAR

It was moved by Director Raghavachary, seconded by Director Tejeda, and carried by a 4-0 roll call vote to approve the Minutes of the Regular Meeting held on December 14, 2021.

AYES:	Director Bodnar Director Erickson Director Tejeda Director Raghavachary

NOES:	None
ABSTAIN:	Director Johnson

ACTION CALENDAR

Election of Officers – Consideration and motion to elect the following nominations as the officers of the Crescenta Valley Water Financing Corporation.

President:	Sharon Raghavachary
Vice President:	James Bodnar

Executive Director: Nemesciano Ochoa
Secretary-Treasurer: James Lee

It was moved by Director Bodnar, seconded by Director Raghavachary, and carried by a 5-0 roll call vote to elect the officers as named above.

**AYES: Director Erickson
 Director Bodnar
 Director Johnson
 Director Tejeda
 Director Raghavachary**

NOES: None

President Raghavachary began presiding over the meeting.

Report of Financial Compliance – Mr. Lee informed the Board that the corporation was in compliance with all reporting requirements, and gave a brief explanation of the two areas of compliance, Continuing Disclosure and the Arbitrage Yield Limit Rule.

BOARD MEMBERS' REQUEST FOR FUTURE AGENDA ITEMS – None

ADJOURNMENT

There being no other business to come before the Board, at 9:20 p.m., the meeting was adjourned.

APPROVED:

Sharon Raghavachary
President

James Lee
Director of Finance & Administration

CRESCENTA VALLEY WATER DISTRICT

FINANCING CORPORATION

BOARD OF DIRECTORS - STAFF REPORT

Action Item No. 1
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: James Lee – Executive Director
Subject: Board Organization for 2024

ACTION ITEM:

Board Organization – Election of the President and Vice President of the Board of Directors for 2024.

BACKGROUND/DISCUSSION:

This is a placeholder for Board discussion.

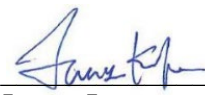
RECOMMENDATION:

NA.

Prepared by:


Pam Leddy
Administrative Assistant

Submitted by:


James Lee
Executive Director

**CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION
BOARD OF DIRECTORS - STAFF REPORT**

Action Item No. 3
December 12, 2023

To: Honorable President and Members of the Board of Directors
From: Arturo Montes, Finance and Administration Manager
Subject: **Authorization of Bond Financing Documents for the 2024 Revenue Certificates of Participation**

ACTION ITEM:

Consideration and motion to adopt Resolution No. 003 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.

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

Adopt Resolution No. District 003 and authorize the execution and delivery of 2024 Revenue Certificates of Participation and approving the execution and delivery of certain documents in connection therewith and certain other matters.

Prepared and Submitted by:



Arturo Montes
Finance & Administration Manager

Attachment(s): 1) Resolution No. District 003
2) Resolution No. 790
3) Installment Purchase Agreement
4) Trust Agreement
5) Assignment Agreement
6) Preliminary Official Statement
7) Purchase Contract

RESOLUTION NO. 003

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CRESCENTA VALLEY WATER DISTRICT FINANCING 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

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”); and

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 (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 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 Trust Company, 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 \$20,000,000 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 \$20,000,000 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 fund a debt service reserve fund, if applicable, and (iii) to pay the costs of the sale and delivery of the Certificates.

SECTION 2. Certificate Documents. The forms of the Installment Purchase Agreement, the Assignment Agreement, the Trust Agreement and the 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 Best Best & Krieger 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, Special Counsel and Kutak Rock LLP, as Disclosure 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 General Counsel, Special Counsel and Disclosure 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 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, 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 Financing Corporation held on December 12, 2023. Resolution No. 790 was adopted by the following vote:

AYES:

NOES:

ATTEST:

**President, Board of Directors of the
Crescenta Valley Water District
Financing Corporation**

ATTEST:

**Secretary, Board of Directors of
the Crescenta Valley Water District
Financing Corporation**

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

I, James K. Lee, Secretary to the Board of the Crescenta Valley Water District Financing Corporation, DO HEREBY CERTIFY that the foregoing is a full, true and correct copy of Resolution No. 003 of the Board of Directors of Crescenta Valley Water District Financing Corporation adopted at a Regular Meeting held on December 12, 2023 and that the same has not been amended or repealed.

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: December 12, 2023(S E A L)

RESOLUTION NO. 790

A RESOLUTION OF THE BOARD OF DIRECTORS 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, 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; and

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 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 (the “Project”) 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 Trust Company, 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 \$20,000,000 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; and

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

WHEREAS, the District has incurred and expects to incur certain expenditures relating to the Project and to pay for such expenditures from the District’s moneys on hand prior to the execution and delivery of the Certificates (the “Reimbursement Expenditures”); and

WHEREAS, The District reasonably expects to use a portion of the proceeds of the Certificates to reimburse the District for Reimbursement Expenditures made prior to the date the Certificates are executed and delivered;

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 Best Best & Krieger 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 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 \$20,000,000 (except that such principal amount may be increased to provide original issue discount), nor shall the underwriter’s discount exceed 0.80% of the principal amount of the Certificates, nor shall the true interest cost exceed 6.00%.

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, with such changes, insertions and omissions as may be recommended or approved by General Counsel, Special Counsel and Kutak Rock LLP, as Disclosure 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 General Counsel, Special Counsel and Disclosure 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 \$20,000,000: (i) to construct and acquire certain capital improvements for the District's water system, as described in the Installment Purchase Agreement; (ii) fund a debt service reserve fund, if applicable; and (iii) 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, 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. Best Best & Krieger 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.

Section 11. The District hereby declares its official intent to use up to \$20,000,000 of the proceeds of the Certificates to reimburse itself for the Reimbursement Expenditures. It is intended that this resolution shall constitute a dedication of "official intent" within the meaning of Section 1.150.2 of Treasury Regulations promulgated under Section 150 of the Internal Revenue Code of 1986, as amended.

Section 12. This resolution shall take effect immediately.

PASSED, APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Crescenta Valley Water District held on December 12, 2023. Resolution No. 790 was adopted by the following vote:

AYES:

NOES:

ATTEST:

President, Board of Directors
Crescenta Valley Water District

Secretary of the Board of Directors

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

**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. 790
of the Board of Directors of Crescenta Valley Water District adopted at a Regular Meeting
held on December 12, 2023 and that the same has not been amended or repealed.**

Secretary of the Board of Directors

Crescenta Valley Water District

DATED: December 12, 2023

(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 \$12,200,000 (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 4.51%.

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 \$290,050.

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 \$11,909,950.

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 \$23,050,876.

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.

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.

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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 \$290,050.

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 \$11,909,950.

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 \$23,050,876.

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.

INSTALLMENT PURCHASE AGREEMENT

by and between

CRESCENTA VALLEY WATER DISTRICT

and

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

Dated as of _____ 1, 2024

Relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

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INSTALLMENT PURCHASE AGREEMENT

This INSTALLMENT PURCHASE AGREEMENT is made and entered into and dated as of _____ 1, 2024, 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 “**2024 Project**”).

B. The Corporation has agreed to assist the District to finance the 2024 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.

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 2024 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 2024 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 2024 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 2024 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 2024 Installment Payment Date” means the second Business Day preceding each Payment Date pursuant to the Trust Agreement.

Installment Payments; Series 2024 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 2024 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 _____ 1, 2024, 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; 2024 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 “2024 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 _____ 1, 2024, 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 Trust Company, National Association, Los Angeles, California, acting in its capacity as Trustee under and pursuant to the Trust Agreement, and its successors and assigns.

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 2024 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 2024 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 2024 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 2024 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 2024 PROJECT

Section 3.1. Acquisition and Construction of the 2024 Project. The Corporation hereby agrees to cause the 2024 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 2024 Project. The District hereby agrees that it will cause the construction, acquisition and installation of the 2024 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 2024 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 2024 Project. The District may substitute other improvements for those listed as components of the 2024 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 2024 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. Reserved.

Section 3.4. Purchase and Sale of the 2024 Project. In consideration for the Series 2024 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 2024 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 2024 Project shall vest in the District immediately upon acquisition of each component of the 2024 Project. 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 2024 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 2024 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 Certificate Payment Fund.

ARTICLE IV

SERIES 2024 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 2024 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 2024 Installment Payment Dates as set forth in Exhibit C hereto.

Each Series 2024 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 2024 Installment Payments if paid in accordance with their terms.

The obligation of the District to make the Series 2024 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 2024 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 2024 Installment Payments as provided herein, and the Revenues shall not be used for any other purpose while any of the Series 2024 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 2024 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 2024 Installment Payment coming due on such Series 2024 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 2024 Installment Payments if the amount in the Certificate Payment Fund is at least equal to the amount of the Series 2024 Installment Payment due and payable on the next succeeding Series 2024 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 2024 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 Bonds issued or Contracts executed. 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 2024 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 2024 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 2024 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 or the moneys in the Revenue 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 2024 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 2024 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 2024 Installment Payments or to the Owners prior or superior to the lien of the Series 2024 Installment Payments or which might impair the security of the Series 2024 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 2024 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 2024 INSTALLMENT PAYMENTS

Section 7.1. Prepayment. The District may prepay the Series 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Project, the Water System or other assets of the District and no default hereunder shall result in the loss of the 2024 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 2024 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 2024 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 2024 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 2024 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 2024 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 2024 Installment Payments to their respective Series 2024 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 2024 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 2024 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 2024 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 2024 Installment Payments, which moneys and Permitted Investments shall continue to be held by the Trustee in trust for the payment of the Series 2024 Installment Payments and shall be applied by the Trustee to the payment of the Series 2024 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 2024 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 2024 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 2024 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 2024 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 Trust Company, National Association
Attention: Global Corporate Trust
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6527

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.

[Remainder of Page Intentionally Left Blank]

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

Attest:

Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
President

Attest:

Secretary-Treasurer

EXHIBIT A

DESCRIPTION OF 2024 PROJECT

2024 PROJECT

The 2024 Project includes a variety of capital improvements to the Water System. These improvements include _____.

EXHIBIT B

FORM OF REQUISITION NO. ____ FOR
DISBURSEMENT FROM ACQUISITION FUND

CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION (WATER SYSTEM IMPROVEMENT
PROJECTS), SERIES 2024

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 _____ 1, 2024 (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>
_____			_____
_____			_____
_____			_____
_____			_____
_____			_____

EXHIBIT C

PURCHASE PRICE

1. The principal amount of payments to be made by the District hereunder is \$_____.
2. The installment payments of principal and interest are payable in the amounts and on the Series 2024 Installment Payment Dates as follows:

<i>Series 2024 Installment Payment Date</i>	<i>Series 2024 Installment Payments Attributable to Certificates</i>		<i>Semi-Annual Series 2024 Installment Payments</i>	<i>Total Annual Series 2024 Installment Payments</i>
	<i>Amount Attributable to Principal</i>	<i>Amount Attributable to Interest</i>		
<i>Second Business Day Prior To:</i>				

	Series 2024 Installment Payments Attributable to Certificates			Total
Series 2024 Installment Payment Date	Amount Attributable to Principal	Amount Attributable to Interest	Semi-Annual Series 2024 Installment Payments	Annual Series 2024 Installment Payments
Second Business Day Prior To:				
TOTAL				

TRUST AGREEMENT

by and among

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION

and

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

and

CRESCENTA VALLEY WATER DISTRICT

Dated as of _____ 1, 2024

Relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

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TRUST AGREEMENT

THIS TRUST AGREEMENT is made and entered into and dated as of _____ 1, 2024 (the “**Agreement**”), by and among U.S. BANK TRUST COMPANY, 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 _____ 1, 2024, 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 _____ 1, 2024, 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, 2024; 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-Treasurer 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 Trust Company, 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-Treasurer 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 2024 Project, and the District has agreed to purchase the 2024 Project from the Corporation in order to finance the 2024 Project.

(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 2024 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 and deliver certificates of participation, to be denominated “Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024” 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 \$_____), together with a transfer from the District in the amount of \$_____ for a total of \$_____, shall be deposited with the Trustee, who shall: (i) deposit \$_____, representing costs of issuance, in the Delivery Cost Fund; and (ii) transfer \$_____ to the District for deposit in the Acquisition Fund. The above referenced transfers shall be made by the Trustee in accordance with wire transfer instructions provided to the Trustee by the District in writing, upon which Trustee may conclusively rely.

(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:

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

†

† Maturity.

(c) 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 (September 1)</i>	<i>Principal Amount</i>

†

† Maturity.

(d) 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 (September 1)</i>	<i>Principal Amount</i>

†

† Final Maturity.

If some but not all of the Certificates maturing on September 1, 20____, September 1, 20____ or 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, 2024) 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, 202__), 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. The Trustee shall, when required, establish a fund 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.

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 2024 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 depository, 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. 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 Trust Company, National Association
Attention: Global Corporate Trust
633 West Fifth Street, 24th Floor
Los Angeles, California 90071
Telephone: (213) 615-6527

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, epidemics, pandemics 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.

[Remainder of Page Intentionally Left Blank]

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 TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Officer

CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION

By: _____
President

Attest:

Secretary-Treasurer

CRESCENTA VALLEY WATER DISTRICT

By: _____
President

Attest:

Secretary-Treasurer

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 2024
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, ____	_____, 2024	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: _____ DOLLARS

THIS IS TO CERTIFY that the Registered Owner (specified above) of this Revenue Certificate of Participation, Series 2024 (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 _____ 1, 2024 (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 Trust Company, 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, 2024, 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 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 _____ 1, 2024, 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, 2029, are subject to optional prepayment prior to their respective stated maturities, as a whole or in part on September 1, 2028 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.

TERM CERTIFICATES

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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Maturity.

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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Maturity.

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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Final Maturity.

If some but not all of the Certificates maturing on September 1, 20____, September 1, 20____ or 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: _____, 2024

U.S. BANK TRUST COMPANY, 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, _____, 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 _____ 1, 2024 (the “Trust Agreement”), by and among U.S. Bank Trust Company, 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>

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.

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

Dated: _____, 2024

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 2024

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 _____ 1, 2024 (the “Trust Agreement”), by and among U.S. Bank Trust Company, 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>

ASSIGNMENT AGREEMENT

by and between

CRESCENTA VALLEY WATER DISTRICT FINANCING CORPORATION

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION
as Trustee

Dated as of _____ 1, 2024

relating to

Crescenta Valley Water District
Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

ASSIGNMENT AGREEMENT

This Assignment Agreement is made and entered into and dated as of _____ 1, 2024 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 Trust Company, 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 2024 (the “**Certificates**”), executed and delivered by the Trustee pursuant to the Trust Agreement, dated as of _____ 1, 2024 (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 _____ 1, 2024 (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 TRUST COMPANY, NATIONAL
ASSOCIATION, as Trustee

By: _____
Its: Authorized Officer

PRELIMINARY OFFICIAL STATEMENT DATED [____], 2024

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: AA-
(See “RATING”)

In the opinion of Best Best & Krieger LLP, Special 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 with respect to 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”). Special Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; however, for tax years beginning after December 31, 2022, interest with respect to the Certificates is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Special 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 2024

Dated: Date of Delivery**Due: September 1, as shown on the inside cover**

The Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024 (the “Certificates”) are being executed and delivered to (i) to finance capital improvements to the District’s water system (the “Water System”), and (ii) 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, 2024. 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 Crescenta Valley Water District (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 Trust Company, 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 and mandatory sinking fund prepayment prior to maturity as further described in this Official Statement.

The Certificates are payable from Installment Payments payable by the District under an Installment Purchase Agreement dated as of _____, 2024 (the “Installment Payment Agreement”), between the District and the Corporation, and amounts on deposit in certain funds and accounts established by the Trust Agreement (as defined in this Official Statement). 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 on parity with the District’s obligations to make installment payments (the “2020 Installment Payments”) under an Installment Purchase Agreement dated as of September 1, 2020, between the District and the Corporation. The District may incur additional obligations payable from Net Revenues of the Water System on a parity with the Installment Payments and the 2020 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 or the 2020 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 and the Trust Agreement by Best Best & Krieger 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 execution and delivery of the Certificates. It is anticipated that the Certificates will be available for delivery through the facilities of DTC on or about [____], 2024.

* Preliminary, subject to change.

STIFEL

Dated: _____, 2024

\$[PAR]*
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

\$_____ Serial Bonds

<i>Maturity Date (September 1)</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<i>CUSIP No.⁺</i>

\$_____ % Term Bond due September 1, 20__ Yield: _____ % Price: _____ CUSIP No.⁺

* Preliminary, subject to change.

c Priced to optional prepayment on September 1, 20__.

⁺ CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by FactSet Research Systems Inc on behalf of the American Bankers Association. These data are not intended to create a database and do not serve in any way as a substitute for the CUSIP Services. 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

Sharon S. Raghavachary, President
James D. Bodnar, Vice President
Kerry D. Erickson
Jeffery W. Johnson
Judy L. Tejeda

DISTRICT STAFF

James Lee, General Manager
Brook Yared, Director of Engineering and Operations (Interim)
Arturo Montes, Finance and Administration Manager
Adam Sutphin, Senior Management Analyst

SERVICES

General Counsel

Lagerlof, LLP
Pasadena, California

Special Counsel

Best Best & Krieger LLP
Los Angeles, California

Disclosure Counsel

Kutak Rock LLP
Los Angeles, California

Municipal Advisor

Campanile Group, Inc.
Laguna Beach, California

Trustee

U.S. Bank Trust Company, 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.

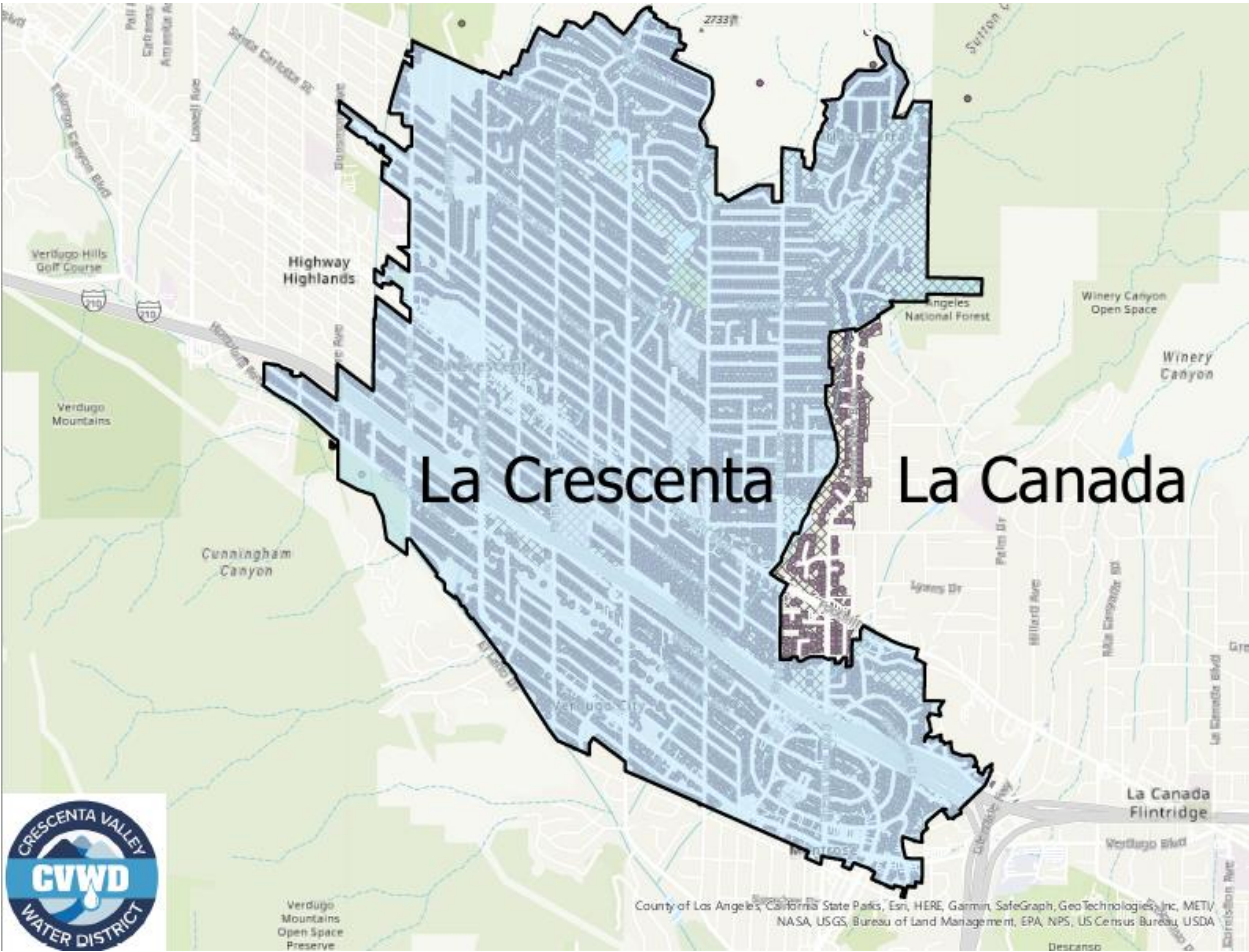
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**CRESCENTA VALLEY WATER DISTRICT
VICINITY MAP**



§[PAR]*
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

INTRODUCTION

General. This Official Statement dated _____, 2024, sets forth information concerning the execution and delivery of the Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024 (the “Certificates”) by U.S. Bank Trust Company, 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’s water system (the “Water System”) currently serves approximately 8,261 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 (as defined below).

Purposes of the Certificates. The Certificates are being executed and delivered to (i) finance capital improvements to the Water System (as more particularly described under the caption “PLAN OF FINANCE,” the “2024 Project”), and (ii) pay certain costs of delivery.

Authority for Certificates. The Certificates are executed and delivered under a Trust Agreement, dated as of [_____] 1, 2023 (the “Trust Agreement”), by and among the Trustee, the District and Crescenta Valley Water District Financing Corporation (the “Corporation”) and evidence undivided interests in the installment payments (the “Installment Payments”) payable by the District pursuant to the Installment Purchase Agreement dated as of [_____] 1, 2023 (the “Installment Purchase Agreement”), between the District and 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 and other amounts payable by the District to the Corporation pursuant to the Assignment Agreement dated as of [_____] 1, 2023, 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

* Preliminary, subject to change.

(as such terms are defined in APPENDIX A — SUMMARY OF PRINCIPAL LEGAL DOCUMENTS). See the caption “SECURITY FOR 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 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.

Prepayment. The Certificates will be subject to optional and mandatory sinking fund prepayment 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 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.”

Parity Debt and Additional Parity Debt. Installment Payments are payable on a parity basis with the District’s obligations to make installment payments (the “2020 Installment Payments”) under an Installment Purchase Agreement dated as of September 1, 2020 (the “2020 Installment Purchase Agreement”), between the District and the Corporation, which are currently outstanding in the aggregate principal amount of \$10,445,000. See “THE CERTIFICATES – INSTALLMENT PAYMENTS.” 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 and the 2020 Installment Payments, as more fully described under the caption “SECURITY FOR THE CERTIFICATES – Limitations on Parity and Superior Obligations; Subordinate Obligations.”

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 Contracts and Bonds (as such terms are defined in Appendix A hereto). 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. As of September 1, 2023, the balance in the Rate Stabilization Fund was approximately \$2,500,000. See “SECURITY FOR THE CERTIFICATES” herein.

Miscellaneous. Brief descriptions of the Trust Agreement, Installment Purchase Agreement, the 2020 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 Secretary of the Board of the District located at 2700 Foothill Boulevard, La Crescenta, California.

Continuing Disclosure. The District will covenant in a Continuing Disclosure Certificate 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 of each year, commencing April 1, 2024, 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 CERTIFICATE.” These covenants will be 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 its continuing disclosure undertakings in the previous five years, 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 \$11,909,950* of the proceeds of the Certificate for pipeline improvements to the Water System during the fiscal years ending June 30, 2024 through 2026 (the “2023 Project”). The 2023 Project includes the replacement of approximately 23% of the District’s pipelines. Pursuant to the Installment Purchase Agreement, the District may substitute or add additional projects to be funded with proceeds of the Certificates. The District expects to undertake any necessary environmental approvals on individual components of the 2023 Project prior to commencement of each component. The District expects to comply with all bidding and other permitting requirements for each component of the 2023 Project as required by law. All components of the 2023 Project are expected to be substantially completed by June 30, 2026.

Estimated Sources and Uses of Funds

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

* Preliminary, subject to change.

CRESCENTA VALLEY WATER DISTRICT
Revenue Certificates of Participation
(Water System Improvement Projects), Series 2024
Estimated Sources and Uses of Funds⁽¹⁾

Sources

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

Uses

Deposit to Acquisition Fund	\$
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 evidence undivided interests in the Installment Payments payable by the District under the Installment Purchase Agreement and 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, 2024] (each an “Interest Payment Date”) to the respective owners of Certificates (“Owners”) of record as of the close of business on the fifteenth day of the calendar month preceding 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.

Prepayment of Certificates*

Optional Prepayment. 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

* Preliminary, subject to change.

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.

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:

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

†	
†	Maturity.

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__ 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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Maturity.

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__ 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 (September 1)</i>	<i>Principal Amount</i>

†	
†	Final Maturity.

If some but not all of the Certificates maturing on September 1, 20__, September 1, 20__ or 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.

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.

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.

The Installment Payments are payable on a parity basis with the 2020 Installment Payments. In connection with the 2020 Installment Purchase Agreement, the Trustee executed and delivered those certain Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2020 (the "Series 2020 Certificates") which evidence undivided interests in the 2020 Installment Payments. The Corporation has assigned to the Trustee, for the benefit of the owners of the Series 2020 Certificates, the right of the Corporation to receive and collect the 2020 Installment Payments due from the District to the Corporation under the Installment Purchase Agreement dated as of September 1, 2020 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 "Series 2020

Assignment Agreement”). As of the date hereof, the Series 2020 Certificates are outstanding in the aggregate principal amount of \$10,445,000.

Set forth below is a table of the annual Installment Payments and 2020 Installment Payments.

CRESCENTA VALLEY WATER DISTRICT

Revenue Certificates of Participation
(Water System Improvement Projects)
Annual Principal and Interest Schedule

Maturing	Installment Payments*			2020 Installment Payments	Total
<u>September 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
2024	\$	\$	\$	\$580,781	\$
2025				581,381	
2026				581,581	
2027				581,381	
2028				580,781	
2029				582,531	
2030				578,981	
2031				582,381	
2032				580,181	
2033				582,581	
2034				579,381	
2035				580,781	
2036				581,581	
2037				581,781	
2038				582,638	
2039				583,256	
2040				578,638	
2041				578,900	
2042				582,100	
2043				579,500	
2044				581,300	
2045				582,300	
2046				582,500	
2047				579,625	
2048				581,500	
2049				583,000	
2050				579,125	
2051				=	
2052				=	
2053				=	
TOTAL	\$	\$	\$	\$15,690,466	

*Installment Payments and 2020 Installment Payments are 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 on a parity with the 2020 Installment Payments 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 (as defined below) 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 and which include the 2020 Installment Purchase Agreement) 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.

“Revenues” are defined in the Installment Purchase Agreement to mean 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 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. On the date that the Certificates are executed and delivered, no amounts are anticipated to be reimbursed to the District by the United States of America pursuant to Section 54AA of the Code.

“Net Revenues” are defined in the Installment Purchase Agreement to mean, for any Fiscal Year, the Revenues from such Fiscal Year less Operations and Maintenance Costs for each Fiscal Year.

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.

Allocation of Revenues

In order to carry out and effectuate the pledge and lien contained in the Installment Purchase Agreement, 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 the 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:

Certificate Payment Fund. On or before each 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 Installment Payment coming due on such 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 Installment Payments if the amount in the Certificate Payment Fund is at least equal to the amount of the Installment Payment due and payable on the next succeeding Installment Payment Date.

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

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.

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.

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 assess at the commencement of each Fiscal Year rates and charges from the Water System 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 125% of 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 classifications thereof as it deems necessary, but will not reduce the rates and charges then in effect unless the Net Revenues are reasonably expected to be sufficient to meet the requirements described in the foregoing 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.

So long as the District has complied with its obligations described above, the failure of Net Revenues to meet the 125% threshold 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 its obligations described above at the commencement of the succeeding Fiscal Year.

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 or any money in the Revenue Fund superior to the pledge securing the Installment Payments.

Obligations on a Parity with the Installment Payments. Pursuant to the Installment Purchase Agreement, the District may at any time execute any Contract or issue any Bonds, as the case may be, on parity with the Installment Payments; 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 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 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.

Existing Parity Obligations. The Installment Payments will payable on a parity basis with the 2020 Installment Payments. See “THE CERTIFICATES – INSTALLMENT PAYMENTS.”

Subordinate Obligations. The District may incur Subordinate Obligations.

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 Bonds issued or Contracts executed. 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 (which include the 2020 Installment Payment Agreement), 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. As of September 1, 2023, approximately \$2,500,000 was held on deposit in the Rate Stabilization Fund. 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 boundaries of the District, 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 8,500 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. According to the United States Census Bureau, the La Crescenta-Montrose Census Designated Place, which comprises a portion of the District, had a median household annual income of \$107,954 in 2021, representing approximately 131%, 118% and 153%, respectively, of the median household income in Los Angeles County, in the State of California, and nationally.

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 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 would not be sufficient to meet the then increasing demand for water. 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 water from Northern California 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.

The District pumps groundwater from the Verdugo Basin. The basin is located beneath 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.

The 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 the District's service area.

The District operates a wastewater system, but revenues from the wastewater system are not pledged to or available to make Installment Payments or 2020 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:

Sharon Raghavachary, President (Term Expires December 2024): 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.

James Bodnar, Vice President (Term Expires December 2026): Mr. James Bodnar was elected to the Board 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.

Kerry Erickson (Term Expires December 2026): Mr. Kerry Erickson was elected to the Board 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.

Jeffery Johnson (Term Expires December 2026): Mr. Jeffery Johnson is a licensed attorney and manages the law firm of Johnson & Rawi PC, located in Pasadena, California. He has a bachelor's degree from Butler University in Indianapolis, Indiana, where he graduated cum laude with high honors in Political Science. Mr. Johnson also holds a law degree from Indiana University School of Law in Bloomington, Indiana, where he was a member of the law review and graduated cum laude in 1987. Mr. Johnson has more than thirty-five years of experience as a litigator, trial attorney and corporate counsel.

Judy Tejada (Term Expires December 2024): 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 Board. 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. She taught at Verdugo Hills High School and Mount Gleason Middle School for over 30 years. Director Tejada founded the Christa McAuliffe Scholarship Fund which has presented over 2,000 scholarships to deserving students. She is co-founder of R & R Masonry, a commercial building corporation. Director Tejada advocates water

conservation, community out-reach, and responsible, transparent Crescenta Valley Water District's fiscal policies.

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

James Lee, General Manager. Mr. James Lee joined the District staff in 2017 and became General Manager in 2023. Prior to joining the District, Mr. Lee served water and wastewater agencies through public finance on both the financial advisory and investment banking sides. In addition, Mr. Lee serves in leadership for the Public Water Agencies Group and the California Data Collaborative. He also served agencies with utility rate studies, budget modeling, and organizational development. Mr. Lee is responsible for developing and implementing the District's short and long-term strategic plan goals that serve the community and region. 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.

Brook Yared, Director of Engineering and Operations (Interim). Mr. Brook Yared joined the Crescenta Valley Water District in 2007. Mr. Yared has served as Director of Engineering and Operations (Interim) for over a year, after 16 years of progressively more responsible management roles in the Engineering Department and has been responsible for managing engineering, systems operations, distribution operations, capital improvement planning and execution, and water quality and is responsible for representing the District in regional planning efforts. Prior to joining the District, he worked as a design engineer for Flowserve Incorporated working on pump design and decoking equipment design. Mr. Yared holds a bachelor's degree in mechanical engineering from Cal Poly Pomona with a minor in public administration, and a Master's in Science from the University of Southern California in Environmental Engineering. Mr. Yared has been a registered civil engineer in good standing within the State of California since 2010. He maintains membership in the American Water Works Association and is the collection systems chair for the California Water Environment Agency after serving as a Board Member in 2010.

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.

Adam Sutphin, Senior Management Analyst. Mr. Adam Sutphin joined the District in 2019 as the a meter reader, then was promoted to Analyst a year and a half after. He was recently promoted to Senior Management Analyst. Mr. Sutphin's responsibilities include doing various analytical research, accounting, financing, administration, human resources and customer service. He holds a bachelor's degree in business from California State University Channel Islands.

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, 2024 was approved by the Board on June 27, 2023. The budget fiscal year ending June 30, 2024 assumes an 8% rate increase implemented effective July 1, 2023, capital charge revenue of approximately \$1.9 million (see “THE WATER SYSTEM OF THE DISTRICT - Water System Rates and Charges – Capital Charges”), 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 October 1, 2023, approximately \$2,500,000 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
Workers’ Compensation/Employer liability	\$6,000,000
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 60% of water supplied to customers from the Verdugo Basin (the “Basin”) and purchases approximately 40% of water supplied to customers from MWD through the FMWD. The amount of groundwater and purchased water varies from year-to-year based on climatic and other conditions. On average over the last five years, the District purchased approximately 1,960 acre-feet of supplemental water per year. Over the last two years, that average has decreased to 1,811 acre-feet of supplemental water per year. The District attributes the decline to a decrease in demand due to drought-related conservation measures.

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	96
Pressure Zones	11
Booster Pumps	34
Fire Hydrants	714

In addition, the District has established emergency interconnections with the City of Glendale (for up to 4.4 cubic feet per second, or 2.8 million gallons per day), with Los Angeles Department of Water and Power (for up to 2.2 cubic feet per second, or 1.4 million gallons per day) and with La Canada Irrigation District (“LCID”) (for up to 2.2 cubic feet per second, or 1.4 million gallons per day, and also providing for LCID to take up to 4.0 cubic feet per second, or 2.6 million gallons per day from the District).

Groundwater

On average over the last four years, the District pumps approximately 2,083 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 comprises the Upper Los Angeles River Area (“ULARA”), which is the watershed and tributaries of the Los Angeles River. 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 2015 with the City of Glendale to operate Well 16 and purchase groundwater rights from Glendale for a term of 25 years, which allows the District to pump

above its adjudicated rights when conditions are favorable. The agreement may be terminated by either party without cause upon 90 days' written notice.

The District had observed a decrease in water levels and available water from the Basin since the public sewerage system was completed in 1986, and declines were further exacerbated by persistent and recurring droughts in the last 15 years. 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 experienced a large amount of rainfall in the 2022-23 season, which was preceded by two years of below average rainfall. Considering the recent rainfall in the last several years, the District expects water levels to remain close to the historic pre-drought average. 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.

Supplemental Water

The District currently purchases supplemental water from the State Water Project ("SWP") and the Colorado River Aqueduct ("CRA") through FMWD. FMWD 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 Integrated 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>).

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, MWD 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 the 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.

Under Governor Newsom's administration, the Department of Water Resources ("DWR") is advancing a single-tunnel conveyance project under the Delta to protect this statewide resource from levee collapse that may be caused by flooding, earthquake or saltwater intrusion as sea level rises. This project is anticipated to be funded by water agencies that will benefit from improved supply reliability. The project

is undergoing environmental review and includes significant public engagement to design a project to limit impacts to the Delta and provide local benefits.

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 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>Purchased from FMWD</i>	<i>% Increase/ (Decrease)</i>	<i>Total</i>
2019	1,875	8.97%	1,899	-15.26%	3,774
2020	2,039	8.76%	1,950	2.68%	3,989
2021	2,107	3.33%	2,226	14.15%	4,333
2022 ¹	2,136	1.38%	1,816	-18.42%	3,952
2023 ¹	2,054	-3.84%	1,408	-22.47%	3,462

¹ The District attributes the decline in water production in these years to drought-related conservation measures.
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>
2019	8,030	0.34%
2020	8,041	0.14%
2021	8,056	0.19%
2022	8,061	0.06%
2023	8,261**	2.48%

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

** As of June 30, 2023, approximately 92% of accounts are residential accounts.
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>Total % Increase/ (Decrease)</i>
2018	\$8,744,988	\$1,411,792	\$10,156,780	+15.60%
2019	8,636,533	1,405,947	10,042,480	-1.13%
2020	10,041,110	896,988**	10,938,098	+8.92%
2021	11,066,451	888,018**	11,954,469	+9.29%
2022	11,123,716	1,002,807	12,126,523	+1.44%

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

** The decline in commercial account usage is attributable to decreases in business activity as a result of the COVID-19 pandemic.

Source: District.

Largest Customers

The following table sets forth the ten largest customers of the Water System of the District as of June 30, 2022, as determined by the amount of their respective annual bills.

CRESCENTA VALLEY WATER DISTRICT
Largest Customers
Fiscal Year Ended June 30, 2022

<i>Customer</i>	<i>Annual Billed Amounts</i>	<i>% of Total*</i>
Caltrans	\$332,348	2.74%
Glendale Unified School District	147,756	1.22
Los Angeles County Parks and Recreation Department	102,870	0.85
Hillside Village Apartments	55,492	0.46
Glen Valley HOA	40,507	0.33
Blain Anderson	37,928	0.31
La Crescenta Properties	35,053	0.29
EC Opco Mountainview LP	35,013	0.29
3220 Altura HOA	33,610	0.28
Americana La Crescenta Apartments	<u>33,268</u>	<u>0.27</u>
TOP TEN TOTAL	\$853,845	7.04%
TOTAL SYSTEM	\$12,126,523*	100.00%

* Sales to customers.

Source: District.

Water System Rates and Charges

General. The District Board has rate setting authority as provided under the Water Code. 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 5.5% in the fiscal year ended June 30, 2019, 8% in the fiscal year ended June 30, 2020, 8% in the fiscal year ended June 30, 2022, and 8% in the fiscal year ended June 30, 2023. Due to the onset of COVID-19 pandemic, the District did not implement a rate increase in the fiscal year ended June 30, 2021. The historic increases in water rates are set forth in the following table.

CRESCENTA VALLEY WATER DISTRICT
Water Rate Structure

	2019	2020	2021	2022	2023
Unit Rate					
Tier 1 (1-10 kgal)	\$4.83	\$5.17	\$5.17	\$5.10	\$5.51
Tier 2 (11-26 kgal)	7.61	8.14	8.14	9.5	10.26
Tier 3 (27+ kgal)	11.49	12.29	12.29	13.39	14.47
Commercial					
Base Rate	6.85	7.33	7.33	8.1	8.75
Irrigation					
Tier 1 (1-80 kgal)	5.29	5.66	5.66	5.39	5.83
Tier 2 (80+ kgal)	10.13	10.89	10.89	10.18	11.00
Service Charge (Size of Service Meter)					
3/4"	50.56	54.1	54.10	58.79	63.07
1"	75.41	80.69	80.69	86.77	93.28
1 1/2"	137.56	147.19	147.19	156.72	168.83
2"	212.16	227.01	227.01	240.67	259.50
3"	448.34	479.72	479.72	506.49	546.58
4"	796.42	852.17	852.17	898.23	969.66

Source: District.

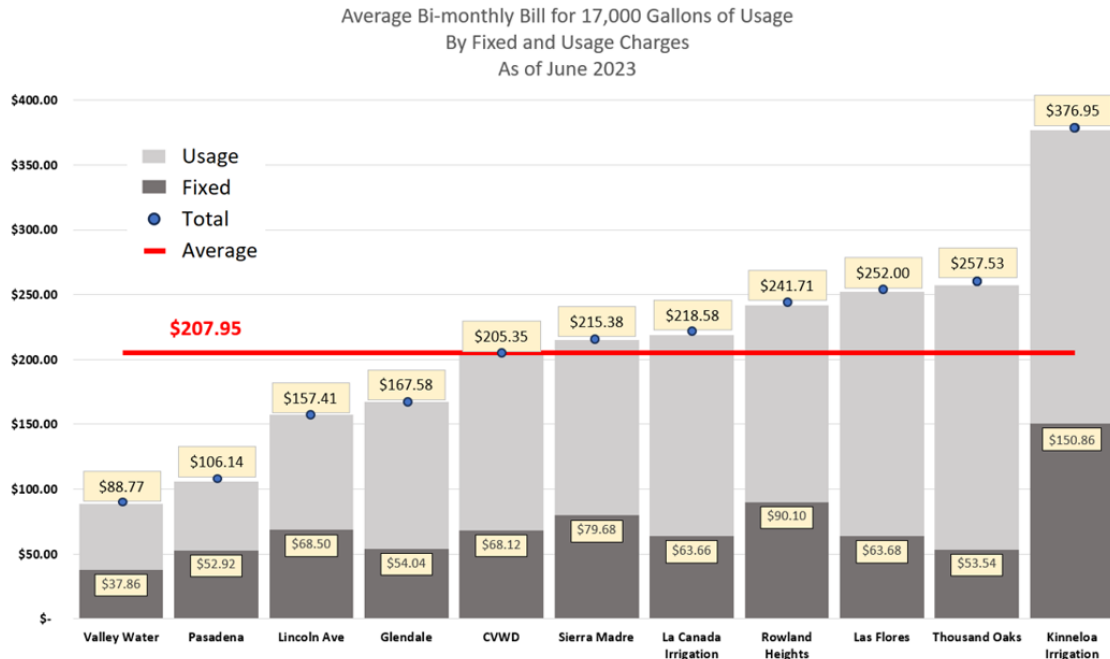
The District staff currently projects that the District will raise retail and commercial water rates by approximately 8% per year, consistent with prior practice. There can be no assurance the Board will approve the rate increases currently projected by District staff. The District has undertaken a rate study which is currently ongoing and is expected to be completed in the Spring of 2024. The District may change the District's water rate structure and increase rates depending on the results of the study. Increases in rates are subject to notice requirements and protest rights under Proposition 218. All rate adjustments are subject to the approval of the Board after a public hearing in accordance with Proposition 218 and there can be no assurance that water rates will be increased as projected herein. In the event that the Board does not adopt such rate increases as currently contemplated, Net Revenues could be materially different from the projections in this Official Statement. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 218" herein for a discussion of limitations on the rate setting authority of the District under Proposition 218.

There can be no assurance that the Board will not repeal or modify current water rates in the future.

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 (excluding certain capital charges as described below) are collected on a bi-monthly basis. Write-offs for monthly water service occur twice a year. In the 2022-23 Fiscal Year, the District did not write off any accounts. In November 2022, the District reinstated late fees and shut off after pausing such actions during the COVID-19 pandemic. Prior to the onset of the COVID-19 pandemic in 2020, the District historically experienced an average delinquency rate of less than 0.5%. Currently, the District is experiencing a delinquency rate of approximately 1.0%.

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 (excluding capital charges) compared to those of other local cities and agencies as of June 2023.



Source: District.

Capital Charges. On April 25, 2023, the Board adopted Resolution No. 785 authorizing capital charges (the “Capital Charges”) to be used solely to fund capital costs for pipeline replacement and associated costs, to keep distribution systems operational and flowing with safe and reliable water. The Capital Charges will be collected annually from each water account holder on the property tax roll of Los Angeles County to be collected at the same time and in the same manner as other taxes are collected by Los Angeles County, unless the holder elects to be invoiced directly.

In connection with the Capital Charges, the District caused NBS to prepare a written report (the “FY 23-24 Capital Charges Report”) containing a description of each parcel of real property receiving water services from the District, the maximum amount of Capital Charges that may be levied against each parcel based on meter size (the “Maximum Capital Charge Rates”), and the proposed Capital Charge rates for the fiscal year ending June 30, 2024 (the “FY 23-24 Capital Charge Rates”) which are lower than the Maximum Capital Charge Rates. On June 27, 2023, the Board, after public hearing in conformity with Proposition 218, adopted Resolution No. 786 approving the FY 23-24 Capital Charges Report and each Capital Charge therein as submitted, including the lower than-maximum FY 23-24 Capital Charge Rates, with some modifications described in Resolution No. 786. In Resolution No. 786, the Board reserved the right to levy Capital Charges up to the Maximum Capital Charge Rates in future years. There can be no assurance that the Board will not repeal or modify the rates of Capital Charges in the future.

The District projects that, if collected in full, the FY 23-24 Capital Charge Rates will generate approximately \$1.9 million in revenue for the District. Because the FY 203-24 Capital Charge Rates are lower than the Maximum Capital Charge Rates, the District projects that the revenues derived from the

Capital Charges will not be sufficient to fund all projected capital costs for pipeline replacement and associated costs, to keep distribution systems operational and flowing with safe and reliable water. The District anticipates raising the remaining funds through long term financings, including the proceeds of the Certificates. The Maximum Capital Charge Rates and FY 23-24 Capital Charge Rates, in each case by meter size, are set forth in the following table.

**CRESCENTA VALLEY WATER DISTRICT
CAPITAL CHARGES**

Meter Size	Maximum Rates	Fiscal Year 2023/24 Applied Rates
3/4"	\$404.30	\$194.06
1"	\$673.83	\$323.44
1 1/2"	\$1,347.66	\$646.87
2"	\$2,156.25	\$1,035.00
3"	\$4,718.14	\$2,264.71
4"	\$8,490.23	\$4,075.31

Source: District.

Because the net proceeds of the Certificates are anticipated to be used by the District to fund capital costs for pipeline replacement and associated costs, to keep distribution systems operational and flowing with safe and reliable water within the meaning of Resolution No. 785, the District believes Capital Charges levied and collected by the District will be available to make Installment Payments. See “– Projected Operating Results and Debt Service Coverage.”

The Board of Supervisors of Los Angeles County has not approved the implementation of an alternative method of distribution of tax levies and collections of tax sale proceeds (a “Teeter Plan”), as provided for in Section 4701 et seq. of the California Revenue and Taxation Code. Consequently, the sewer capital charges that are collected by the District through the County’s secured property tax roll depends upon the actual collections of such charges.

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, including without limitation Capital Charges. See “INVESTMENT CONSIDERATIONS – No Obligation to Tax.”

Future Water System Improvements

The District currently expects to undertake approximately \$40.52 million of improvements to the Water System over the next five-year period, approximately \$11.9 million of which 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 (including Capital Charges as described above) remaining after payment of Installment Payments, 2020 Installment Payments and any future borrowings. The current expected schedule for such improvements is set forth in the following table:

	Unaudited	Budget	Forecast			
<u>Capital Project Summary</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Water Supply	\$120,074	\$175,000	\$95,000	\$120,000	\$230,000	250,000
Water Storage	549,453	863,500	886,200	950,000	2,856,800	2,135,000
Water Distribution - Pipeline	1,560,874	3,949,300	3,895,100	4,089,855	4,608,900	6,064,963
Water Distribution – Other	190,887	315,000	940,000	1,888,025	1,201,216	423,100
Water Treatment	28,002	290,000	150,000	160,000	--	--
Technology	483,893	1,310,200	534,010	606,513	687,121	--
Public Safety/Emerg Response	--	134,000	--	210,000	178,000	175,000
Facilities & Planning	--	150,000	--	--	--	--
Total	\$2,933,183	\$7,187,000	\$6,500,310	\$8,024,393	\$9,762,037	\$9,048,063
<u>Source of Funds</u>						
Proceeds of the Certificates	--	\$3,949,300	\$3,895,100	\$4,065,550	--	--
Other District Funds	<u>\$2,933,183</u>	<u>3,237,700</u>	<u>2,605,210</u>	<u>3,958,843</u>	<u>\$9,762,037¹</u>	<u>\$9,048,063¹</u>
Total	\$2,933,183	\$7,187,000	\$6,500,310	\$8,024,393	\$9,762,037	\$9,048,063

1 Other District funds may include proceeds of financings as the District may determine in the future.
Source: District.

Outstanding Water System Indebtedness

Upon the delivery of the Certificates, the District will not have any outstanding indebtedness other than the Installment Purchase Agreement, the 2020 Installment Purchase Agreement and GWP Infrastructure Loan (as described below).

The Installment Payments are payable on a parity basis with the 2020 Installment Payments. In connection with the 2020 Installment Purchase Agreement, the Trustee executed and delivered the Series 2020 Certificates, which evidence undivided interests in the 2020 Installment Payments. Pursuant to the Series 2020 Assignment Agreement, the Corporation has assigned to the Trustee, for the benefit of the owners of the Series 2020 Certificates, the right of the Corporation to receive and collect the 2020 Installment Payments due from the District to the Corporation under the 2020 Installment Purchase Agreement and other amounts payable by the District to the Corporation. As of September 2, 2023, the Series 2020 Certificates are outstanding in the aggregate principal amount of \$10,445,000.

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 and 2020 Installment Payments.

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, 2022 and 2021, 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.

The District has not requested nor did the District obtain permission from the Auditor to include the Financial Statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the District. Further, the Auditor has not taken any action intended to elicit information concerning the accuracy, completeness, or fairness of the statements made in this Official Statement.

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 fiscal years ending June 30, 2018 through June 30, 2022. These results have been derived from the financial statements of the District but exclude certain non-cash items and include certain other adjustments.

CRESCENTA VALLEY WATER DISTRICT					
Historic Operating Results					
Fiscal Year Ending June 30					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Consumption sales	\$7,519,558	\$7,262,227	\$7,952,859	\$8,938,008	\$8,919,225
Service charge	2,637,222	2,780,253	2,985,239	3,016,461	3,207,298
Other charges ¹	1,180,936	891,420	1,477,804	1,148,283	902,954
Investment earnings	53,647	826,378	448,903	(220,569)	(493,012)
Rental income	25,200	27,900	29,446	60,050 ²	62,483
Total revenues	\$11,416,563	\$11,788,178	\$12,894,251	\$12,942,233	\$12,598,903
Operating and Maintenance Expenses:					
Source of supply	\$3,404,291	\$3,262,503	\$3,175,446	\$3,683,148	\$3,289,622
Plant operations ³	1,962,667	2,141,652	2,000,851	1,914,025	2,228,338
Distribution system ³	1,071,502	1,107,293	910,095	880,137	1,002,100
General and administrative expenses	2,913,308	3,213,062	3,509,462	3,848,152	3,372,518
Total expenses	\$9,351,768	\$9,724,510	\$9,595,854	\$10,325,462	\$9,892,578
Net Revenues	\$2,064,795	\$2,063,668	\$3,298,397	\$2,616,771	\$2,706,325
2020 Installment Payments	\$0	\$0	\$0	\$169,473	\$569,456
2017 PWB Financing	\$557,695	\$538,521	\$537,548	\$0	\$0
Debt Service Coverage	3.70x	3.83x	6.14x	15.44x	4.75x

¹ Other Charges include irrigation sales, fire service, construction revenue and other miscellaneous fees.

² Rental income increased from prior years following property renovation.

³ Fluctuations in plant operations and distribution system year over year is attributable to timing of maintenance and other operation costs.

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>2023 (Estimate)</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
Revenues						
Consumption Sales ¹	\$7,935,623	\$9,427,520	\$10,743,161	\$11,784,417	\$12,609,327	\$13,365,886
Service Charge ¹	3,609,799	3,834,604	4,103,026	4,390,238	4,697,555	4,979,408
Capital Charge ^{2,3}	--	1,900,000	1,900,000	1,900,000	1,900,000	1,900,000
Other Charges	701,190	818,796	823,358	836,750	851,079	864,221
Investment Earnings	53,339	10,000	10,000	10,000	10,000	10,000
Rental Income	<u>52,620</u>	<u>65,921</u>	<u>52,620</u>	<u>54,199</u>	<u>55,825</u>	<u>57,499</u>
Total Revenues	\$12,352,571	\$16,056,841	\$17,632,165	\$18,975,604	\$21,123,786	\$21,195,014
O&M Expenses⁴						
Source of Supply	\$2,924,786	\$3,598,000	\$3,885,840	\$4,080,132	\$4,284,139	\$4,498,346
Plant Operations	1,315,206	1,872,982	1,966,631	2,064,963	2,168,211	2,276,621
Distribution System	983,186	2,261,875	2,374,969	2,493,717	2,618,403	2,749,323
G&A Expenses	<u>1,277,416</u>	<u>3,904,946</u>	<u>4,078,590</u>	<u>4,303,001</u>	<u>4,495,927</u>	<u>4,697,609</u>
Total Expenses	\$6,500,594	\$11,637,803	\$12,306,030	\$12,941,813	\$13,566,679	\$14,221,899
Net Revenues	\$5,851,977	\$4,419,038	\$5,326,135	\$6,033,791	\$6,557,107	\$6,973,115
2020 Installment Payments	\$578,081	\$575,281	\$576,081	\$576,481	\$576,481	\$576,081
Installment Payments*	--	132,305	752,013	749,638	751,888	748,763
Debt Service Coverage⁵	10.12x	6.25x	4.01x	4.55x	4.94x	5.26x

¹ Revenue projections include an 8.0% Board-approved water rate increase for fiscal year 2023-24 and projected increase of 7.0% in water rates each fiscal year thereafter. Projected rate increases have not yet been authorized and there can be no assurance that the Board will adopt rate increases as currently projected. Other revenue assumptions include growth in customer accounts of 0.3% per year and increased water demand of 2% per year. See "CONSTITUTIONAL LIMITATIONS ON APPROPRIATIONS AND CHARGES – Proposition 218" herein for a discussion of limitations on the rate setting authority of the District under Proposition 218.

² Projected revenues from Capital Charges are based on the fiscal year 23-24 Capital Charge Rates, as approved by the Board pursuant to Resolution No. 786. Projected revenues from Capital Charges in each fiscal year thereafter assumes no increases in such rates. In Resolution No. 786, the Board reserved the right to levy Capital Charges up to the Maximum Capital Charge Rates in future years but no such increases are assumed for purposes of these projections.

See “ THE WATER SYSTEM OF THE DISTRICT - Water System Rates and Charges – Capital Charges” for a description of the FY 23-24 Capital Charge Rates and the Maximum Capital Charge Rates approved by the Board in Resolution No. 786.

³ Capital charge revenue is available for payment of Installment Payments and payment of any future financings whose proceeds are used for pipeline replacement projects, but such revenues are not available to make 2020 Installment Payments.

⁴ Assumes expenses grow at an annual rate of 5%.

⁵ Under the Installment Purchase Agreement, 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. These projections assume no such withdrawals are made during the projection period. See “SECURITY FOR THE CERTIFICATES – Rate Stabilization Fund.”

* Preliminary, subject to change.

** Totals may not foot due to rounding.

Source: District

Employees and Employee Relations

There are currently 29 full time employees working for the District, of whom 22 are represented by AFSCME Local 1902 under a contract which expires on June 30, 2025. The non-management employees of the District have never conducted a strike against the 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 30, 2022 are summarized as follows:

	<u>Miscellaneous Plan</u>	
	<u>Classic</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%	6.750%
Required Employer Contribution Rate	11.031%	7.732%
Number of Active Employees as of 6/30/2022	13	17

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, 2022, 2021 and 2020, were \$669,325, \$718,752 and \$428,770, respectively, and are estimated to be \$786,150 in the fiscal year ended June 30, 2023 (including, in each case, both the required employee contribution and the required employer contribution). The increase in the District’s contribution from 2020 to 2021 is due to the prepayment of certain amounts attributable to the fiscal year ended June 30, 2020.

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

Valuation Date June 30	Accrued Liability⁽¹⁾ (a)	Market Value of Assets (b)	Unfunded Liability (a-b)	Funded Status (Market Value) (b/a)	Annual Covered Payroll (c)	Unfunded Liability as a Percentage of Payroll ((a-b)/c)
2018	\$17,920,752	\$13,439,448	\$4,481,304	75.0%	\$2,351,252	190.59%
2019	19,977,027	14,215,775	4,761,252	74.9	2,481,783	191.84
2020	20,388,247	15,120,435	5,267,812	74.2	2,028,381	259.70
2021	21,866,621	18,429,729	3,437,092	84.3	1,754,679	195.88
2022	22,522,695	16,310,872	6,211,823	72.4	1,699,118	365.59

⁽¹⁾ The discount rate was decreased to 6.8% in 2021, from 7.0% in 2018.

Source: CalPERS Actuarial Reports for June 30, 2018 through June 30, 2022.

The table below shows projected employer contributions (before cost sharing) for the fiscal years ending June 30, 2025 through June 30, 2030.

PROJECTED FUTURE EMPLOYER CONTRIBUTION RATES⁽¹⁾

	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>2028-29</u>	<u>2029-30</u>
Normal Cost %	12.52%	12.5%	12.5%	12.5%	12.5%	12.5%
Unfunded Accrued Liability Payment	\$478,322	\$518,000	\$557,000	\$588,000	\$663,000	\$677,000

⁽¹⁾ Assumes a 6.8% rate of return for the fiscal year ended June 30, 2023 and beyond.

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 50 with at least 10 consecutive years of service. As of June 30, 2023, twenty-two active participants and 27 retired participants and beneficiaries met those eligibility requirements. Employees hired on or after July 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, 2022 and 2021 totaled \$556,430 and \$882,174, 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 (“OPEB”), to account for and report the outstanding obligations and commitments related to such post-employment benefits in essentially the same manner as for pensions.

The District obtains actuarial valuations of its OPEB obligations from Actuarial Consulting Group, with the most recent calculated as of June 30, 2022. Based on the combination of plans and contribution levels that the District offers, assuming an investment rate of 7.0%, the present value of benefits was estimated to be \$7,427,019 and the accrued actuarial liability was estimated to be \$6,077,796. The District’s OPEB funded ratio was 11%.

According to the valuation, the District’s funding contribution for Fiscal Year 2022-23 is \$5,386,509 and \$5,610,183 in Fiscal Year 2023-24. 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 Installment Payments and 2020 Installment Payments when due.

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 Installment Payments pursuant to the Installment Purchase Agreement. The Installment Payments are payable from Net Revenues of the Water System of the District. See “SECURITY FOR THE CERTIFICATES.” The District’s ability to make the Installment Payments when due will depend 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 make the Installment Payments when due. 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 make the Installment Payments when due.

Limitations on Revenues

The ability of the District to generate Net Revenues sufficient to make the Installment Payments when due, and therefor for the Trustee to pay the 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 make the Installment Payments when due, 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 the Installment Payments when due, 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 make the Installment Payments or require the District to increase expenditures for repairs significantly enough to adversely impact the District's ability to make the Installment Payments when due. 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.”

A portion of the properties within the District are located against the foothills of the San Gabriel Mountains in a high fire risk area. The District mitigates against fire risk by actively monitoring reservoirs to maintain appropriate levels to respond to wildfires and by actively maintaining brush clearance to reduce fire risk. The District also maintains emergency interconnections with neighboring water agencies to provide water in the event that the District's facilities are compromised.

The area encompassed by the District as well as areas from where MWD provides 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 make the Installment Payments when due.

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 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. Recently, there have been significant cyber security incidents affecting municipal agencies, including a freeze affecting computer systems of the City of Atlanta, an attack on the City of Baltimore's 911 system, an attack on the Colorado Department of Transportation's computers and an attack that resulted in the temporary closure of the Port of Los Angeles' largest terminal. 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 adversely 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, in part, 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 make the Installment Payments when due.

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 paid with respect to 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 Certificates are executed and delivered 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 prepayment or any increase in interest rate as a result of such event of taxability.

The Internal Revenue Service (the “IRS”) has a 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 the interest paid with respect to 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 Rating

S&P Global Ratings has assigned a rating to the Certificates. The rating issued reflect only the views of such rating agency. Any explanation of the significance of this rating should be obtained from the rating agency. See “RATING.” There is no assurance the current rating will continue for any given period or that such rating will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such rating 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 rating 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 Installment Purchase Agreement permits the District to incur obligations which would be payable on parity with the Installment Payments and the 2020 Installment Payments. 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 and 2020 Installment Payments when due.

The coverage test described in “SECURITY FOR THE CERTIFICATES – Rate Covenant” involves, to some extent, projections of Net Revenues. If additional parity obligations are issued or incurred by the District in the future, the debt service coverage for the Installment Payments and the 2020 Installment Payments could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions that form the basis of such projections, if any, will be actually realized subsequent to the date of such projections. If such assumptions are not realized, the amount of future Net Revenues may be less than projected, and the actual amount of Net Revenues may be insufficient to provide for the payment of the Installment Payments, 2020 Installment Payments and any future parity obligations when due.

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 declared the COVID-19 outbreak to be a pandemic, and states of emergency were declared by the United States, the State, numerous counties throughout the State, including Los Angeles County. The purpose behind these declarations were 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.

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. Following widespread vaccination undertaken in the United States and many countries worldwide, some of the governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak were eased. On February 28, 2023, the State Governor terminated the state’s COVID-19 State of Emergency and Los Angeles County terminated the local public health emergency for COVID-19 on March 31, 2023. No assurance can be given that governmental authorities will not reinstate the prior restrictions in the event that the COVID-19 outbreak worsens.

The potential continued 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). As of the date of this Official Statement, the District does not believe that the impacts of the spread of COVID-19 will have a material adverse effect on Net Revenues or its ability to make Installment Payments and 2020 Installment Payments when due.

The Taxpayer Protection and Government Accountability Act

A voter initiative entitled “The Taxpayer Protection and Government Accountability Act” (“Initiative 1935”) was recently determined to be eligible for the November 2024 Statewide general election and, unless withdrawn by its proponent prior to June 27, 2024, will be certified as qualified for the ballot in such election. Were it to be adopted by a majority of voters in the Statewide general election, Initiative 1935 would amend the California Constitution to, among other things, provide that charges for services or product provided directly to the payor (such as charges for water) are “taxes” subject to voter approval unless the local government can prove by clear and convincing evidence that the charge is reasonable and does not exceed the “actual cost” of providing the service or product, defined as “(i) the minimum amount necessary to reimburse the government for the cost of providing the service or the product to the payor and (ii) where the amount charged is not used by the government for any purpose other than reimbursing that cost.” If adopted, Initiative 1935 would be subject to judicial interpretation. The District is unable to predict whether and how Initiative 1935, if adopted, would be interpreted by the courts, and there can be no assurance that any such interpretation or application would not have an adverse impact on the District, the Water System or the revenues of the Water System.

California State Water Legislation

In 2018 and 2019, the California State Legislature enacted, and the respective Governors signed, three long-term water use efficiency bills, Senate Bill 606 (2018), Assembly Bill 1668 (2018) and Assembly Bill 1414 (2019), to establish a new foundation for long-term improvements in water conservation and drought planning to adapt to climate change and the resulting longer and more intense droughts in California. The legislation sets standards for indoor residential use and requires the State Water Resources Control Board, in coordination with the Department of Water Resources, to adopt efficiency standards for outdoor residential use, water losses, and commercial, industrial and institutional outdoor landscape areas with dedicated irrigation meters. All new requirements for urban water use objectives are effective after June 2022 when the State Water Resources Control Board adopted urban water use efficiency standards, performance measures, and variances. Under the new authorities and requirements (including the revised reporting deadlines set by Assembly Bill 1414), each urban wholesale and retail water supplier must prepare, adopt, and submit a water shortage contingency plan and conduct a drought risk assessment every five years in addition to conducting an annual water supply and demand assessment.

Potential Issues Relating to Water Quality

The State utilizes two separate contaminant definitions; notification levels (“NL”) and response levels (“RL”), both of which address unregulated contaminants that may be of future regulatory consideration. The NL is the level above which a water agency must inform their governance of the finding of an unregulated contaminant in their source water, while the RL is the level above which the water agency must take action to reduce an unregulated contaminant’s presence in the water supply. NLs and RLs are not enforceable standards, but influence the District’s use of some water sources.

Future revisions to drinking water standards may impact the type and quality of treatment necessary for the continued use of the District’s local and imported supplies. Major areas of focus with emerging contaminants are Cyanotoxins, endocrine disrupting compounds (“EDCs”), pharmaceuticals and personal care products (“PPCPs”), microplastics and per- and polyfluoroalkyl substances (“PFAS”). These groups of constituents are an evolving concern, especially in the arid Southwest regions of the United States.

On March 14, 2023, the EPA released its proposed “National Primary Drinking Water Regulation” for six PFAS including perfluorooctanoic acid (PFOA), perfluorooctane sulfonic acid (PFOS), perfluorononanoic acid (PFNA), hexafluoropropylene oxide dimer acid (HFPO-DA, commonly known as GenX Chemicals), perfluorohexane sulfonic acid (PFHxS), and perfluorobutane sulfonic acid (PFBS). The new regulation will set maximum allowable levels of these chemicals in drinking water. The proposed regulation does not require any actions until it is finalized. The EPA anticipates finalizing the regulation

by the end of 2023. Under the proposal, the regulation would not be effective until three years after it is finalized.

In a routine test in April 2023, a sample at one of the District’s wells reflected elevated PFAS levels above the applicable RL. Subsequent testing of that well have found a lower level of PFAS than originally detected. The District is currently delivering water to its customers that is mixed from different sources, including the impacted well. At all times, delivered water was below the RL. The District will continue to monitor and test all of its wells and other water sources regularly. The District has infrastructure in place to treat the water supply to remove PFAS, if it determines to do so in the future. Such treatment would result in additional variable operating costs, such as the cost of resin to remove the PFAS, and the District may need to increase water rates to cover such costs. There can be no assurance that Proposition 218 will not limit the future ability of the District to increase such rates. The District is evaluating its options for recovery of the costs associated with such treatment, including by seeking to join in a class action settlement or to pursue a separate suit.

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 XIIIID. Article XIIIID 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 XIIIID 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 XIIIID 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 XIIIID, 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 XIIIID, 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 XIIIID 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, and they may not be imposed to pay for general governmental services.

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 XIIIID 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 XIIIID 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* and held that fees and charges for ongoing domestic water service through an existing connection were property related fees and charges under Article XIID.

On April 20, 2015, the California Court of Appeal, Fourth District, issued an opinion in *Capistrano Taxpayers Association, Inc. v. City of San Juan Capistrano*, 235 Cal. App. 4th 1493 (2015), upholding an urban water provider’s tiered water rates under Proposition 218 provided that the tiers correspond to the actual cost of furnishing service at a given level of usage. The opinion included a finding that the City of San Juan Capistrano did not attempt to calculate the actual costs of providing water at various tier levels. The District believes that its rate structure for the Water System is distinguishable from the structure deemed unconstitutional in San Juan Capistrano and is consistent with Proposition 218 and the Constitution.

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 California 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. In 2013, the court of appeal held in *Mission Springs Water District v. Verjil* that an initiative could not compel a county water district to violate the statute requiring that its rates be fixed high enough to cover certain specified costs. On August 3, 2020, the Supreme Court of California ruled in *Wilde v. City of Dunsmuir*, Case Number S252915, that municipal water rates and other local utility charges are not subject to referendum. 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 water rates and charges in a manner which would be inconsistent with the statutory or contractual obligations of the legislative body of the 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.

The District will continue to comply with the provisions of Articles XIIC and XIID and implementing legislation in connection with future rate increases, as such requirements may be interpreted by state courts.

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 XIIIB, XIIIC 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 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 paid with respect thereto to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest paid with respect to the Certificates to be included in gross income for federal income tax purposes retroactive to the date of execution and delivery 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 paid with respect

to 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. Special Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Best Best & Krieger LLP, Special 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 paid with respect to the Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Code. Special 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, however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations.

State Taxes

Special Counsel is also of the opinion that interest paid with respect to the Certificates is exempt from personal income taxes of the State of California (the “State”) under present State law. Special 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

Special 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 paid with respect to 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.

Special 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 paid with respect to 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 paid with respect to 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.

Special Counsel has not undertaken to advise in the future whether any events after the date of execution and delivery of the Certificates may affect the tax status of interest paid with respect to the Certificates. Special Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Certificates, or the interest with respect thereto, 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 the Trust Agreement and certain other legal matters are subject to the approval of Best Best & Krieger 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 execution and delivery 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 and the Installment Sale 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. From time to time, the District may be a party to a variety of pending and threatened lawsuits and administrative proceedings, including those that may affect the District or its facilities, including the lawsuits described below.

Certain Litigation Affecting Property of the District

Plone Trust, et al. v. Kalousd Pandazos, et al., Los Angeles Superior Court Case No. 21STCV19845 (Case #1); and *Perry Lazar, et al. v. County of Los Angeles, et al.*, Los Angeles Superior Court Case No. 22STCV34822 (Case #2).

The District is named in two consolidated lawsuits. Case #1 was filed in 2021; Case #2 was filed in 2022. Both cases are brought by the claimed owner (the "Plaintiff") of a parcel of land in an unincorporated area of La Crescenta (the "Parcel") in Los Angeles County. The boundaries of the Parcel overlap with the District's Edmond No. 2 Reservoir. Edmond No. 2 Reservoir was constructed in the late 1960s and can hold up to 500,000 gallons of water (out of the total District capacity of 14.8 million gallons). The Plaintiff claims to have acquired ownership of the Parcel through a 2003 grant deed from the previous owners who acquired the Parcel by tax lien sale conducted by the County in 1980. Case #1 seeks to have the Plaintiff declared the owner of the Parcel, including the portion overlapping Edmond No. 2 Reservoir. The District denies the Plaintiff's allegations and asserts that it owns the entirety of the land on which Edmond No. 2 Reservoir is located. The Plaintiff has filed a motion for summary judgment, which is set for hearing on October 27, 2023. The District has reserved a hearing date for its own motion for summary judgment on February 14, 2024. A non-jury trial in Case #1 is set to commence on March 27, 2024.

Case #2 is still in the pleading stage. A third amended complaint was filed on September 26, 2023. The complaint seeks damages against the County and the District for negligence in connection with the 1980 tax sale, the indexing of the deed that evidences the District's interest in the Parcel, and alleged negligent surveys and mapping of the Parcel. The District expects to file a demurrer to the Third Amended Complaint. A jury trial in Case #2 is set to commence on May 15, 2024.

While Case #1 and Case #2 are in the early stages of litigation and therefore it is difficult for the District to accurately assess the likelihood of success or the amount of any potential loss to the District, the District currently expects to prevail in both cases based on the strength of its position. In the event that the District is unsuccessful and the Plaintiff prevails in either or both cases, the District believes it would have the right to reacquire the Parcel by condemnation. In that event, the District could also be liable for damages. As of the date of this Official Statement, the District does not believe that an adverse determination of either or both cases, would have a material adverse effect on the District's operations or ability to make timely payments under the Installment Purchase Agreement.

CONTINUING DISCLOSURE

The District has covenanted in a Continuing Disclosure Certificate 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, 2024, 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 a continuing disclosure certificate entered into in connection with the issuance of the Series 2020 Certificate (together, the "Prior Continuing Disclosure Undertaking"). Pursuant to the Prior Continuing Disclosure Undertaking, 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 has complied with its Prior Continuing Obligations in all material respects.

RATING

S&P Global Ratings ("S&P") has assigned the Certificates the rating of "AA-" (stable outlook). Such rating reflects 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 Certificate for the Certificates to file on EMMA, notices of any rating changes on the Certificates. See the caption "CONTINUING DISCLOSURE" and Appendix D. Notwithstanding such covenant, information relating to rating changes on the Certificates may be publicly available from S&P 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 S&P and its website and official media outlets for the most current rating 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 is contingent upon the execution and delivery of the Certificates.

UNDERWRITING

The Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated, as underwriter (the “Underwriter”) pursuant to a Purchase Contract, dated _____, 2024, by and among the Underwriter, the Corporation and the District (the “Purchase Contract”). The purchase price of the Certificates is equal to \$_____, being the aggregate principal amount of the Certificates of \$[PAR], [plus/minus] [net] 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.

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, 2021 AND 2022**

APPENDIX C

FORM OF LEGAL OPINION

_____, 2024

Crescenta Valley Water District
 2700 Foothill Blvd
 La Crescenta, CA 91214

Re: \$_____ Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

Ladies and Gentlemen:

We have reviewed the Constitution and the laws of the State of California and certain proceedings taken by the Crescenta Valley Water District (the “District”) in connection with the authorization, execution and delivery by the District of the Trust Agreement, dated as of January 1, 2024 (the “Trust Agreement”), by and among the District, the Crescenta Valley Water District Financing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”); and such other information and documents as we consider necessary to render this opinion.

Pursuant to the Trust Agreement, the Trustee has agreed to execute and deliver the above-captioned certificates of participation (the “Certificates of Participation”) evidencing proportionate undivided interests in installment payments to be made by the District pursuant to the Installment Purchase Agreement, dated as of January 1, 2024 (the “Installment Purchase Agreement”), by and between the District and the Corporation.

Based on the foregoing, we are of the opinion that the obligation of the District to pay installment payments under the Installment Purchase Agreement is a valid and binding obligation payable from any source of available revenues and certain amounts held in the funds and accounts created by the Trust Agreement for the benefit of the Owners of the Certificates of Participation.

We are further of the opinion that the Trust Agreement and the Installment Purchase Agreement have been duly authorized, executed and delivered by the District and the Corporation and constitute valid and legally binding agreements of the District and the Corporation enforceable in accordance with their terms, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or affecting generally the enforcement of creditors’ rights and except as their enforcement may be subject to the application of equitable principles and exercise of judicial discretion in appropriate cases. The Certificates of Participation have been duly executed and delivered by the Trustee and are entitled to the benefits of the Trust Agreement.

The Internal Revenue Code of 1986, as amended (the “Code”), sets forth certain investment, rebated requirements which must be met subsequent to the issuance and delivery of the Certificates of Participation for the portion of each installment payment due under the Installment Purchase Agreement designated as and comprising interest and received by the owners of the Certificates of Participation (the “Interest Component”) to be and remain excluded from gross income for purposes of federal taxation. Noncompliance with such requirements could cause the Interest Component to be included in federal gross income retroactive to the date of delivery of the Certificates of Participation. Pursuant to the Trust

Agreement and the Installment Purchase Agreement, the District has covenanted to comply with the requirements of the Code.

We are of the opinion that, under existing statutes, regulations, rulings and court decisions, assuming compliance with the aforementioned covenant, the Interest Component is excluded from gross income for purposes of federal income taxation. We are further of the opinion that the Interest Component is not a specific preference item for purposes of the alternative minimum tax imposed on individuals and corporation, however, the Interest Component is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on certain corporations. Although the Interest Component is excluded from gross income for purposes of federal income taxation, the accrual or receipt of the Interest Component may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend on the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

We are further of the opinion that the Interest Component is exempt from personal income taxation imposed by the State of California.

Respectfully submitted,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

Upon execution and delivery of the Certificates, the District will enter into a Continuing Disclosure Certificate in substantially the following form:

THIS CONTINUING DISCLOSURE CERTIFICATE dated [____], 2024 (the “Disclosure Agreement”) is executed and delivered by the Crescenta Valley Water District (the “District”) and accepted by 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 2024 (the “Certificates”). The Certificates are being executed and delivered pursuant to a Trust Agreement, dated as of [____] 1, 2024 (the “Trust Agreement”), by and among the District, the Crescenta Valley Water District Financing Corporation (the “Corporation”) and U.S. Bank Trust Company, National Association (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 Campanile Group, Inc., 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 January 1, 2024, 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 April 1, commencing with the report due on April 1, 2024, 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, in a timely manner, 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) Historic Water Production;
- (ii) Historic Water Accounts;
- (iii) Historic Sales Revenue;
- (iv) Largest Customers;
- (v) Water Rate Structure;
- (vi) Capital Charges; and
- (vii) Historic Operating Results (including debt service coverage).

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 of the District, 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 of the District, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect holders of the Certificates.

(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, if the District has received an opinion of counsel knowledgeable in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

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: [_____], 2024

CRESCENTA VALLEY WATER DISTRICT

By: _____
Its: President

ACCEPTED BY:
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 2024

Date of Execution and Delivery [____], 2024

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 Certificate approved pursuant to a Resolution adopted by the Board of Directors of the District on [____], 2024. 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") 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 3.6 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 has a Standard & Poor's rating of AA+. 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 certificates 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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.

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 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.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District and the Corporation believe to be reliable, but neither the District nor the Corporation take responsibility for the accuracy thereof.

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\$[PAR]
**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

PURCHASE CONTRACT

[Pricing Date]

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 (Water System Improvement Projects), Series 2024 (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 (\$[PAR].00), *plus* net 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. Certificate Terms; Purpose; Security.

(a) Certificate 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 January 1, 2024 (the "**Trust Agreement**"), by and among the Corporation, the District and U.S. Bank Trust Company, 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 January 1, 2024 (the "**Installment Purchase Agreement**"), between the District and the Corporation.

Pursuant to an Assignment Agreement dated as of January 1, 2024 (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; and (ii) 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 on a parity with the District's installment payment obligations under the Installment Purchase Agreement, dated as of September 1, 2020 (the "**2020 Installment Purchase Agreement**"), by and between the District and the Corporation. 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 [POS Date] (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), 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 Campanile Group, Inc., 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 December 12, 2023 (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 December 12, 2023 (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 _____, 2023 (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 [Closing Date], 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 Best Best & Krieger 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 Purchase Contract 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," "PLAN OF FINANCE," "THE CERTIFICATES," "SECURITY FOR THE CERTIFICATES," "TAX MATTERS," "CERTAIN LEGAL MATTERS," in "APPENDIX A – SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS," and "APPENDIX C – FORM OF LEGAL 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 Lagerlof 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, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(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. 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, the exercise of judicial discretion and the limitations on legal remedies against public entities in the State.

(ix) The Corporation Resolution was duly adopted at a special 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. 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 copy of the Continuing Disclosure Due Diligence Report.

(19) A certificate of Campanile Group, Inc., as municipal advisor, in substantially the form attached hereto as Exhibit F.

(20) A parity debt certificate of the District containing the calculations required under Section 5.3 of the 2020 Installment Purchase Agreement, together with a special report prepared by an Independent Certified Public Accountant or an Independent Municipal Advisor (as such terms are defined in said agreement) in form and substance required by said section.

(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 Certificates. 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, 2121 Avenue of the Stars, Suite 2150, Los Angeles, California 90067, 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.

[Signature Page Follows]

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

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>10% Test Satisfied*</u>	<u>10% Test Not Satisfied</u>	<u>Subject to Hold-The- Offering- Price Rule</u>

T: Term Certificate.

C: Priced to optional redemption date of September 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 September 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 September 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 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__ 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 (September 1)</i>	<i>Principal Amount</i>

†

† Final Maturity.

If some but not all of the Certificates maturing on September 1, 20__ are optionally prepaid, the principal amount of the applicable Certificates to be prepaid pursuant to mandatory sinking fund prepayments 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.

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__ 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 (September 1)</i>	<i>Principal Amount</i>

†

† Final Maturity.

If some but not all of the Certificates maturing on September 1, 20__ are optionally prepaid, the principal amount of the applicable Certificates to be prepaid pursuant to mandatory sinking fund prepayments 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.

EXHIBIT B

**CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

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

\$(PAR)
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

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 [Pricing Date], 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: [Closing Date]

**CRESCENTA VALLEY WATER DISTRICT
FINANCING CORPORATION**

By: _____
Authorized Officer

EXHIBIT D

**\$(PAR)
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

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 [Pricing Date], 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: [Closing Date]

CRESCENTA VALLEY WATER DISTRICT

By: _____
Authorized Officer

EXHIBIT E

\$(PAR)
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

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 Trust Company, 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 January 1, 2024 (the "Trust Agreement"), by and among the Corporation, the Crescenta Valley Water District and the Trustee; and (ii) Assignment Agreement dated as of January 1, 2024 (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 [Pricing Date], among the District, the Corporation and Stifel, Nicolaus & Company, Incorporated, as underwriter.

Dated: [Closing Date]

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: _____
Authorized Officer

EXHIBIT F

\$[PAR]
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION
(WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024

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 [POS Date] and the final Official Statement dated [Pricing Date] (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: [Closing Date]

CAMPANILE GROUP, INC.,
as Municipal Advisor

By: _____
Authorized Officer

EXHIBIT G

\$[PAR]
**CRESCENTA VALLEY WATER DISTRICT
 REVENUE CERTIFICATES OF PARTICIPATION
 (WATER SYSTEM IMPROVEMENT PROJECTS), SERIES 2024**

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. **Purchase Contract.** On [Pricing Date] (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 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.**]

2. **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, 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).
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 [Closing Date] 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: [Closing Date]

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

**[\$[PAR]
CRESCENTA VALLEY WATER DISTRICT
REVENUE CERTIFICATES OF PARTICIPATION, SERIES 2024**

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.

- (e) 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”).
- (f) 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 [Closing Date] 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**]

SOURCES AND USES OF FUNDS

Crescenta Valley Water District
Revenue Certificates of Participation
(Water System Improvement Projects), Series 2024

Scenario: Wrapped Bond Solution
Cash Flows for Good Faith Estimates

Dated Date 01/31/2024
Delivery Date 01/31/2024

Sources:	
Bond Proceeds:	
Par Amount	11,410,000.00
Premium	789,364.35
	12,199,364.35
Uses:	
Project Fund Deposits:	
Project Fund	11,909,950.00
Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	86,373.70
	286,373.70
Other Uses of Funds:	
Contingency	3,040.65
	12,199,364.35

Notes:

- 1. Preliminary and subject to change.
- 2. The use of the 'AA-' rating is consistent with the rating of the District's outstanding bonds.
- 3. Interest rate assumptions are based on current market conditions and similar credits.
- 4. Actual results may differ, and Stifel makes no commitment to underwrite at these levels.
- 5. Costs of issuance and underwriter's discount are estimates for discussion purposes.

BOND SUMMARY STATISTICS

Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

Scenario: Wrapped Bond Solution Cash Flows for Good Faith Estimates

Dated Date	01/31/2024
Delivery Date	01/31/2024
First Coupon	09/01/2024
Last Maturity	09/01/2053
Arbitrage Yield	4.066609%
True Interest Cost (TIC)	4.509481%
Net Interest Cost (NIC)	4.698051%
All-In TIC	4.644405%
Average Coupon	5.000000%
Average Life (years)	20.405
Weighted Average Maturity (years)	20.229
Duration of Issue (years)	12.672
Par Amount	11,410,000.00
Bond Proceeds	12,199,364.35
Total Interest	11,640,876.39
Net Interest	10,937,885.74
Total Debt Service	23,050,876.39
Maximum Annual Debt Service	1,286,375.00
Average Annual Debt Service	779,111.40

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	PV of 1 bp change
Serial Bond	4,685,000.00	110.117	5.000%	11.859	12/10/2035	3,439.85
Term Bond (2048)	2,135,000.00	105.126	5.000%	22.687	10/08/2046	1,708.00
Term Bond (2053)	4,590,000.00	104.487	5.000%	28.065	02/23/2052	3,626.10
	11,410,000.00			20.405		8,773.95

	TIC	All-In TIC	Arbitrage Yield
Par Value	11,410,000.00	11,410,000.00	11,410,000.00
+ Accrued Interest			
+ Premium (Discount)	789,364.35	789,364.35	789,364.35
- Underwriter's Discount	-86,373.70	-86,373.70	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	12,112,990.65	11,912,990.65	12,199,364.35
Target Date	01/31/2024	01/31/2024	01/31/2024
Yield	4.509481%	4.644405%	4.066609%

Notes:

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BOND PRICING

Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

Scenario: Wrapped Bond Solution Cash Flows for Good Faith Estimates

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:									
	09/01/2024	95,000	5.000%	3.350%	100.942				894.90
	09/01/2025	145,000	5.000%	3.220%	102.723				3,948.35
	09/01/2026	155,000	5.000%	3.110%	104.654				7,213.70
	09/01/2027	165,000	5.000%	3.020%	106.674				11,012.10
	09/01/2028	170,000	5.000%	2.970%	108.636				14,681.20
	09/01/2029	180,000	5.000%	2.990%	110.262				18,471.60
	09/01/2030	190,000	5.000%	3.030%	111.675				22,182.50
	09/01/2031	200,000	5.000%	3.060%	113.038				26,076.00
	09/01/2032	210,000	5.000%	3.080%	114.382				30,202.20
	09/01/2033	220,000	5.000%	3.110%	115.556				34,223.20
	09/01/2034	235,000	5.000%	3.190%	114.841 C	3.325%	09/01/2033	100.000	34,876.35
	09/01/2035	245,000	5.000%	3.290%	113.955 C	3.522%	09/01/2033	100.000	34,189.75
	09/01/2036	260,000	5.000%	3.420%	112.815 C	3.715%	09/01/2033	100.000	33,319.00
	09/01/2037	270,000	5.000%	3.560%	111.602 C	3.892%	09/01/2033	100.000	31,325.40
	09/01/2038	280,000	5.000%	3.660%	110.746 C	4.019%	09/01/2033	100.000	30,088.80
	09/01/2039	295,000	5.000%	3.790%	109.644 C	4.153%	09/01/2033	100.000	28,449.80
	09/01/2040	315,000	5.000%	3.870%	108.973 C	4.241%	09/01/2033	100.000	28,264.95
	09/01/2041	335,000	5.000%	3.920%	108.555 C	4.301%	09/01/2033	100.000	28,659.25
	09/01/2042	350,000	5.000%	3.990%	107.975 C	4.369%	09/01/2033	100.000	27,912.50
	09/01/2043	370,000	5.000%	4.040%	107.562 C	4.419%	09/01/2033	100.000	27,979.40
		4,685,000							473,970.95
Term Bond (2048):									
	09/01/2044	385,000	5.000%	4.340%	105.126 C	4.648%	09/01/2033	100.000	19,735.10
	09/01/2045	405,000	5.000%	4.340%	105.126 C	4.648%	09/01/2033	100.000	20,760.30
	09/01/2046	425,000	5.000%	4.340%	105.126 C	4.648%	09/01/2033	100.000	21,785.50
	09/01/2047	450,000	5.000%	4.340%	105.126 C	4.648%	09/01/2033	100.000	23,067.00
	09/01/2048	470,000	5.000%	4.340%	105.126 C	4.648%	09/01/2033	100.000	24,092.20
		2,135,000							109,440.10
Term Bond (2053):									
	09/01/2049	490,000	5.000%	4.420%	104.487 C	4.717%	09/01/2033	100.000	21,986.30
	09/01/2050	520,000	5.000%	4.420%	104.487 C	4.717%	09/01/2033	100.000	23,332.40
	09/01/2051	1,135,000	5.000%	4.420%	104.487 C	4.717%	09/01/2033	100.000	50,927.45
	09/01/2052	1,190,000	5.000%	4.420%	104.487 C	4.717%	09/01/2033	100.000	53,395.30
	09/01/2053	1,255,000	5.000%	4.420%	104.487 C	4.717%	09/01/2033	100.000	56,311.85
		4,590,000							205,953.30
		11,410,000							789,364.35

Dated Date 01/31/2024
Delivery Date 01/31/2024
First Coupon 09/01/2024

Par Amount 11,410,000.00
Premium 789,364.35

Production 12,199,364.35 106.918180%
Underwriter's Discount -86,373.70 -0.757000%

Purchase Price 12,112,990.65 106.161180%
Accrued Interest

Net Proceeds 12,112,990.65

Notes:

1. Preliminary and subject to change.
2. The use of the 'AA-' rating is consistent with the rating of the District's outstanding bonds.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. Actual results may differ, and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.

BOND DEBT SERVICE

**Crescenta Valley Water District
Revenue Certificates of Participation
(Water System Improvement Projects), Series 2024**

**Scenario: Wrapped Bond Solution
Cash Flows for Good Faith Estimates**

Dated Date 01/31/2024
Delivery Date 01/31/2024

Period Ending	Principal	Coupon	Interest	Debt Service
09/01/2024	95,000	5.000%	334,376.39	429,376.39
09/01/2025	145,000	5.000%	565,750.00	710,750.00
09/01/2026	155,000	5.000%	558,500.00	713,500.00
09/01/2027	165,000	5.000%	550,750.00	715,750.00
09/01/2028	170,000	5.000%	542,500.00	712,500.00
09/01/2029	180,000	5.000%	534,000.00	714,000.00
09/01/2030	190,000	5.000%	525,000.00	715,000.00
09/01/2031	200,000	5.000%	515,500.00	715,500.00
09/01/2032	210,000	5.000%	505,500.00	715,500.00
09/01/2033	220,000	5.000%	495,000.00	715,000.00
09/01/2034	235,000	5.000%	484,000.00	719,000.00
09/01/2035	245,000	5.000%	472,250.00	717,250.00
09/01/2036	260,000	5.000%	460,000.00	720,000.00
09/01/2037	270,000	5.000%	447,000.00	717,000.00
09/01/2038	280,000	5.000%	433,500.00	713,500.00
09/01/2039	295,000	5.000%	419,500.00	714,500.00
09/01/2040	315,000	5.000%	404,750.00	719,750.00
09/01/2041	335,000	5.000%	389,000.00	724,000.00
09/01/2042	350,000	5.000%	372,250.00	722,250.00
09/01/2043	370,000	5.000%	354,750.00	724,750.00
09/01/2044	385,000	5.000%	336,250.00	721,250.00
09/01/2045	405,000	5.000%	317,000.00	722,000.00
09/01/2046	425,000	5.000%	296,750.00	721,750.00
09/01/2047	450,000	5.000%	275,500.00	725,500.00
09/01/2048	470,000	5.000%	253,000.00	723,000.00
09/01/2049	490,000	5.000%	229,500.00	719,500.00
09/01/2050	520,000	5.000%	205,000.00	725,000.00
09/01/2051	1,135,000	5.000%	179,000.00	1,314,000.00
09/01/2052	1,190,000	5.000%	122,250.00	1,312,250.00
09/01/2053	1,255,000	5.000%	62,750.00	1,317,750.00
	11,410,000		11,640,876.39	23,050,876.39

Notes:

1. Preliminary and subject to change.
2. The use of the 'AA-' rating is consistent with the rating of the District's outstanding bonds.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. Actual results may differ, and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.

BOND DEBT SERVICE

Crescenta Valley Water District Revenue Certificates of Participation (Water System Improvement Projects), Series 2024

Scenario: Wrapped Bond Solution Cash Flows for Good Faith Estimates

Dated Date 01/31/2024
Delivery Date 01/31/2024

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
09/01/2024	95,000	5.000%	334,376.39	429,376.39	429,376.39
03/01/2025			282,875.00	282,875.00	
09/01/2025	145,000	5.000%	282,875.00	427,875.00	710,750.00
03/01/2026			279,250.00	279,250.00	
09/01/2026	155,000	5.000%	279,250.00	434,250.00	713,500.00
03/01/2027			275,375.00	275,375.00	
09/01/2027	165,000	5.000%	275,375.00	440,375.00	715,750.00
03/01/2028			271,250.00	271,250.00	
09/01/2028	170,000	5.000%	271,250.00	441,250.00	712,500.00
03/01/2029			267,000.00	267,000.00	
09/01/2029	180,000	5.000%	267,000.00	447,000.00	714,000.00
03/01/2030			262,500.00	262,500.00	
09/01/2030	190,000	5.000%	262,500.00	452,500.00	715,000.00
03/01/2031			257,750.00	257,750.00	
09/01/2031	200,000	5.000%	257,750.00	457,750.00	715,500.00
03/01/2032			252,750.00	252,750.00	
09/01/2032	210,000	5.000%	252,750.00	462,750.00	715,500.00
03/01/2033			247,500.00	247,500.00	
09/01/2033	220,000	5.000%	247,500.00	467,500.00	715,000.00
03/01/2034			242,000.00	242,000.00	
09/01/2034	235,000	5.000%	242,000.00	477,000.00	719,000.00
03/01/2035			236,125.00	236,125.00	
09/01/2035	245,000	5.000%	236,125.00	481,125.00	717,250.00
03/01/2036			230,000.00	230,000.00	
09/01/2036	260,000	5.000%	230,000.00	490,000.00	720,000.00
03/01/2037			223,500.00	223,500.00	
09/01/2037	270,000	5.000%	223,500.00	493,500.00	717,000.00
03/01/2038			216,750.00	216,750.00	
09/01/2038	280,000	5.000%	216,750.00	496,750.00	713,500.00
03/01/2039			209,750.00	209,750.00	
09/01/2039	295,000	5.000%	209,750.00	504,750.00	714,500.00
03/01/2040			202,375.00	202,375.00	
09/01/2040	315,000	5.000%	202,375.00	517,375.00	719,750.00
03/01/2041			194,500.00	194,500.00	
09/01/2041	335,000	5.000%	194,500.00	529,500.00	724,000.00
03/01/2042			186,125.00	186,125.00	
09/01/2042	350,000	5.000%	186,125.00	536,125.00	722,250.00
03/01/2043			177,375.00	177,375.00	
09/01/2043	370,000	5.000%	177,375.00	547,375.00	724,750.00
03/01/2044			168,125.00	168,125.00	
09/01/2044	385,000	5.000%	168,125.00	553,125.00	721,250.00
03/01/2045			158,500.00	158,500.00	
09/01/2045	405,000	5.000%	158,500.00	563,500.00	722,000.00
03/01/2046			148,375.00	148,375.00	
09/01/2046	425,000	5.000%	148,375.00	573,375.00	721,750.00
03/01/2047			137,750.00	137,750.00	
09/01/2047	450,000	5.000%	137,750.00	587,750.00	725,500.00
03/01/2048			126,500.00	126,500.00	
09/01/2048	470,000	5.000%	126,500.00	596,500.00	723,000.00
03/01/2049			114,750.00	114,750.00	
09/01/2049	490,000	5.000%	114,750.00	604,750.00	719,500.00
03/01/2050			102,500.00	102,500.00	
09/01/2050	520,000	5.000%	102,500.00	622,500.00	725,000.00
03/01/2051			89,500.00	89,500.00	
09/01/2051	1,135,000	5.000%	89,500.00	1,224,500.00	1,314,000.00
03/01/2052			61,125.00	61,125.00	
09/01/2052	1,190,000	5.000%	61,125.00	1,251,125.00	1,312,250.00
03/01/2053			31,375.00	31,375.00	
09/01/2053	1,255,000	5.000%	31,375.00	1,286,375.00	1,317,750.00
	11,410,000		11,640,876.39	23,050,876.39	23,050,876.39

Notes:

1. Preliminary and subject to change.
2. The use of the 'AA-' rating is consistent with the rating of the District's outstanding bonds.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. Actual results may differ, and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.

UNDERWRITER EXCLUSION DISCLOSURE

**Crescenta Valley Water District
Revenue Certificates of Participation
(Water System Improvement Projects), Series 2024**

**Scenario: Wrapped Bond Solution
Cash Flows for Good Faith Estimates**

Stifel, Nicolaus & Company, Incorporated ('Stifel') has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC's Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm's-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and /or counsel as you deem appropriate.

Notes:

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2. The use of the 'AA-' rating is consistent with the rating of the District's outstanding bonds.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. Actual results may differ, and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.