

**BOARD OF DIRECTORS
SANTA CLARA VALLEY WATER DISTRICT**

RESOLUTION NO. 2026-

**AUTHORIZING THE EXECUTION AND DELIVERY OF AGREEMENT RELATING
TO THE PROPOSED SAN JOSE PURIFIED WATER PROJECT
AND CERTAIN ACTS IN CONNECTION THEREWITH**

WHEREAS, the Santa Clara Valley Water District ("Valley Water"), is a water supply and flood protection special district duly organized and existing under and pursuant to the Constitution and laws of the State of California; and

WHEREAS, on May 16, 2025, the Board of Directors of Valley Water (the "Board") adopted Resolution No. 2025-30 authorizing the issuance of revenue bonds to finance certain costs of the San Jose Water Purification Project (Phase I), which is the initial phase of the San Jose Purified Water Project (the "Project"); and

WHEREAS, the Internal Revenue Service has indicated that one requirement for bonds issued for the Project (the "Bonds") to be obligations the interest on which is excluded from gross income for federal income tax purposes, is for Valley Water to comply with certain covenants set forth in the "Agreement With Respect to the Usage of the San Jose Purified Water Project" on file with Valley Water (the "Agreement") the form of which is attached hereto as Exhibit A; and

WHEREAS, the Board desires to approve the form of the Agreement and authorize the execution and delivery thereof if the Bonds are issued.

NOW, THEREFORE BE IT RESOLVED that the Board of Directors of the Santa Clara Valley Water District does hereby find, determine, declare, and resolve as follows:

Section 1. Approval of Form of Agreement. The Agreement, in the form on file with Valley Water and attached hereto, is hereby approved. If the Bonds are issued, each of the Chief Executive Officer (or any acting or interim of such position, the "Chief Executive Officer"), the Chief Financial Officer, and the Clerk of the Board or the designee of each of the foregoing (each an "Authorized Officer" and together the "Authorized Officers") is individually authorized and directed to execute and deliver the Agreement in the form hereby approved with any ministerial insertions or changes necessary to effectuate the purpose of the Agreement. Valley Water does hereby agree to comply with such Agreement terms if the Bonds are issued.

Section 2. Other Actions. The Authorized Officers and such other officers and staff of Valley Water are authorized and directed, acting singly, to do any and all things and to execute and deliver any and all documents which such officers may deem necessary or advisable in order to effectuate the purposes of this Resolution, and such actions in connection therewith previously taken by such officers and staff are hereby ratified and confirmed.

Section 3. Effect. This Resolution shall take effect immediately.

PASSED AND ADOPTED by the Board of Directors of the Santa Clara Valley Water District by
the following vote on January 27, 2026:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

SANTA CLARA VALLEY WATER DISTRICT

TONY ESTREMERA
Chair, Board of Directors

ATTEST

CANDICE KWOK-SMITH
Clerk, Board of Directors

Affix Seal Here

I hereby certify that the foregoing is a full, true and correct copy of the original thereof on file in my office.

DATED: January 27, 2026

CANDICE KWOK-SMITH
Clerk, Board of Directors

EXHIBIT A

COVERSHEET

AGREEMENT WITH RESPECT TO THE USAGE OF THE SAN JOSÉ PURIFIED WATER PROJECT

No. of Pages: 3

Exhibit Attachments: None

EXHIBIT A

AGREEMENT WITH RESPECT TO THE USAGE OF THE SAN JOSÉ PURIFIED WATER PROJECT

Whereas, this agreement (the “Agreement”), dated as of _____, 2026, is by and between the Santa Clara Valley Water District (“Valley Water”) and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), with respect to the \$ _____ Santa Clara Valley Water District Water System Revenue Bonds, Series 2025C (the “Bonds”);

Whereas, Valley Water is utilizing proceeds of the Bonds to construct and equip the San José Purified Water Project (the “SJPWP”);

Whereas, purified water (“Purified Water”) from the SJPWP is expected to be utilized in Valley Water’s direct potable reuse program;

Whereas, state and local governmental units (“Governmental Entities”) and private companies, investor owned utilities, or mutual water companies (“Private Entities”) purchase water from Valley Water under certain contracts (“Contracts”) to provide water to consumers in Santa Clara County (the “County”); and

Whereas, Valley Water utilizes water to replenish or recharge the County groundwater basin (“Groundwater Recharge”);

Now, therefore, Valley Water hereby covenants to and agrees for the benefit of the Trustee and Bond holders as follows:

1. Valley Water shall comply with Section XX of [Agreement] with the Trustee. Section XX is attached hereto as Attachment A.
2. The terms of all Contracts by the District are consistent with and will be consistent with this Agreement and, therefore, each sale of water by Valley Water is restricted by the terms of this Agreement.
3. To ensure compliance with the restrictions herein, during the Measurement Period, Valley Water will provide annual reports to the Trustee describing the amount of Purified Water produced by the SJPWP and the amount of Purified Water so utilized under (A), (B), or (C) of the

Available Output Restriction (as defined and shown in Attachment A hereto). Such reports will be provided to Bond holders upon request at the expense of Valley Water.

SANTA CLARA VALLEY WATER DISTRICT

By:_____

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION

By:_____

ATTACHMENT A

Absent a force majeure event or other event beyond the control of Valley Water, from the later of the date the Bonds are issued and the placed in service date of the SJPWP through the latest maturity date of the Bonds without regard to any optional redemption dates (the “Measurement Period”), Valley Water will ensure that the aggregate amount of Purified Water produced by the SJPWP is equal to or less than the aggregate amount during the Measurement Period of (A) Purified Water both commingled with other water in a Valley Water treatment plant or other Valley Water facility and sold to a Governmental Entity, (B) Purified Water, not commingled in a Valley Water treatment plant or other Valley Water facility, sold directly to (i) a Governmental Entity, or (ii) a member of the public under a generally applicable rate scale, and (C) Purified Water utilized by Valley Water for Groundwater Recharge (the “Available Output Restriction”).

For purposes of the Available Output Restriction, Purified Water will only be taken into account as utilized under (A), (B), or (C) above if it is physically possible to so deliver and use such water based upon the physical flow of water. The amount of any Purified Water that is used for Groundwater Recharge under (C) of the Available Output Restriction and is subsequently pumped by Valley Water will be reduced for purposes of compliance with the Available Output Restriction by the amount of such Purified Water so pumped and delivered to the Private Entities; provided, such pumped Purified Water may be flowed and so utilized by Valley Water in accordance with the restrictions of (A) or (B) above of the Available Output Restriction.

This page intentionally left blank.