

**OFFICIAL NOTICE OF SALE  
AND BID FORM**

**[\$[REV-AB PAR],000\*  
SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REFUNDING REVENUE BONDS**

**[\$[REV-A PAR]\*  
SERIES 2022A**

**[\$[REV-B PAR]\*  
TAXABLE SERIES 2022B**

**[\$[IO-C PAR]\*  
SANTA CLARA VALLEY WATER DISTRICT  
REVENUE CERTIFICATES OF PARTICIPATION  
(WATER UTILITY SYSTEM IMPROVEMENT PROJECTS)  
SERIES 2022C**

NOTICE IS HEREBY GIVEN that the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2022A (the “2022A Bonds”) and Taxable Series 2022B (the “2022B Bonds”, and collectively with the 2022A Bonds, the “2022 Bonds”) and the Revenue Certificates of Participation (Water Utility System Improvement Projects), Series 2022C (the “2022C Obligations”, and collectively with the 2022A Bonds and 2022B Bonds, the “Securities”) to be delivered pursuant to Resolution No. 16-10 adopted by the Board of Directors (the “Board”) of the Santa Clara Valley Water District (“Valley Water”) on February 23, 2016, as amended (the “Water Utility Parity System Master Resolution”), and Resolution No. 22-\_\_ adopted by the Board on November 8, 2022 (collectively, the “Resolution”), and with respect to the 2022 Bonds, an Indenture of Trust, dated as of November 1, 2022, (the “Indenture”) between Valley Water and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”), and with respect to the 2022C Obligations, a Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and the Trustee, will be offered for sale according to the following terms:

**ELIGIBLE BIDDERS:** Bidders must comply with the Governance Policies of the Board, specifically IV. Executive Limitations, Financial Management, Policy No. EL-4, 4.7.7. (page IV-8 of <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/4%20-%20Executive%20Limitations%20-%20Revised%20to%20this%20on%202022-07-20.pdf>) which states:

Valley Water shall not do business with banks who do not have an ESG ranking at or better than the “Average/Medium” category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine Bay Area counties with total assets at or below \$10 billion are exempt from this provision

Bidders must also be eligible for appointments as part of the State of California Treasurer’s 2021-2023 Underwriter Pool (<https://www.treasurer.ca.gov/bonds/pools/underwriter.asp>) on the sale

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\* Preliminary, subject to change.

date. Valley Water shall have sole discretion to determine the eligibility of all bidders in accordance with these provisions. Bids from firms determined to be ineligible shall be rejected.

**PRE-BID BIDDER CERTIFICATION:** Each bidder is required to submit an executed and scanned copy of the Bidder Certification (Exhibit A) by 11:00 a.m. California time on Fri/Monday, December [2/5], 2022, which is the business day prior to the sale date, via email to [csun@valleywater.org](mailto:csun@valleywater.org) and [esoong@pragadvisors.com](mailto:esoong@pragadvisors.com).

**SALE DATE:** Separate electronic bids will be received for the (a) 2022A Bonds and 2022C Obligations (“Bid Group A”) and (b) 2022B Bonds (“Bid Group B”, and together with Bid Group A, the “Bid Groups”) on December [5/6], 2022; provided, however, that Valley Water reserves the right to cancel one, or both, of the sales or postpone the sale date, as more fully described herein under “Postponement and Cancellation.” Electronic bids must be submitted through PARITY<sup>®</sup>, as further described herein under “ELECTRONIC BIDS.”

The Securities are more particularly described in the Preliminary Official Statement, dated November 17, 2022, the Resolution, and the Indenture.

**TIMES:** Electronic bids will be received for Bid Group A until [9:30/7:30] a.m. California time.

Electronic bids will be received for Bid Group B until [10:15/8:15] a.m. California time.

**ELECTRONIC BIDS:** Any prospective bidder intending to submit an electronic bid must submit its bid via PARITY<sup>®</sup>.

Valley Water assumes no responsibility or liability for bids submitted through the PARITY<sup>®</sup> electronic bid submission system. If any provisions in this Official Notice of Sale conflict with information provided by PARITY<sup>®</sup>, this Official Notice of Sale shall control. Information about PARITY<sup>®</sup> may be obtained from:

PARITY<sup>®</sup> Customer Support  
(877) 588-5030

Each electronic bid shall be deemed an irrevocable offer to purchase the Bid Group A Securities and/or the Group B Securities pursuant to the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to Valley Water. Valley Water shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, the use of such facilities being the sole risk of the prospective bidder.

For purposes of the electronic bid process, the time as maintained by PARITY<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to Valley Water, as described in this Official Notice of Sale and in the written form of the Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Bid Form.

**DATE AND DENOMINATION:** The Securities are to be issued in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available in book-entry form only in denominations of \$5,000 or any

integral multiples thereof, all dated as of the dated date of the Securities, and comprising all of the authorized Securities of a sale (either (a) 2022A Bonds and 2022C Obligations or (b) 2022B Bonds).

**PAYMENT:** Payment of interest with respect to any Security on each June 1 and December 1 (each, an “Interest Payment Date”), commencing June 1, 2023, shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date (the close of business on the fifteenth day of the month preceding each Interest Payment Date, whether or not such fifteenth day is a business day) immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such Owner on the Interest Payment Date at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Trustee for that purpose on or before the Record Date.

It is anticipated that the Securities will be issued in the name of Cede & Co., a nominee of DTC, and will be available in book-entry form only. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Securities by participants of DTC will be the responsibility of such participants and other nominees of the beneficial owners. Valley Water will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or acting through such participants.

**MATURITIES:** The Securities will mature or be subject to mandatory sinking fund redemption on the dates and in the amounts, as set forth in the respective Bid Form. Each bidder may specify in its bid whether, for any particular year, the 2022 Bonds of a given series will be term bonds subject to mandatory sinking fund redemption in the applicable principal amount set forth in the respective Bid Form. The 2022C Obligations may not be subject to mandatory sinking fund redemption. (See “Redemption” below for additional details.) The final amount of each maturity of the Securities shall be subject to increase or reduction as described below under the heading “Terms of Sale — Adjustment of Maturity Amounts.”

**REDEMPTION:** The Securities are subject to mandatory and/or extraordinary redemption prior to their stated maturities as set forth below and in the Preliminary Official Statement. In addition, the Securities are subject to optional redemption as set forth below and in the Preliminary Official Statement.

The 2022A Bonds and 2022B Bonds shall be subject to redemption prior to their respective stated maturities, as whole or in part on any date on or after [June 1, 2032] at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

The 2022C Obligations shall be subject to redemption prior to their respective stated maturities, as whole or in part on any date on or after [May 1, 2026] at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Any bidder may, at its option, specify that one or more maturities of the 2022 Bonds will consist of term bonds which are subject to mandatory sinking fund redemption in consecutive years immediate preceding the maturity thereof, as designated in the bid of such bidder, provided that no such term bond shall have a final maturity date of later than June 1, [2032], if mandatory sinking fund redemptions with respect thereto commence on or prior to June 1, [2031]. In the event that the bid of the successful bidder specifies that any maturity of the 2022 Bonds will be a term bond, such term Securities will be subject to mandatory sinking fund redemption on June 1 in each applicable year in

the principal amount for such year as set forth above under the heading “Maturities,” at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

**PURPOSE:** The proceeds of the sale of the 2022A Bonds and 2022B Bonds are to be applied to pay the principal portion of outstanding Santa Clara Valley Water District commercial paper and revolving certificates, as further described in the Preliminary Official Statement and to pay costs of issuance with respect thereto.

The proceeds of the sale of the 2022C Obligations are to finance the acquisition and/or construction of certain water utility system improvements, and to pay costs of issuance with respect thereto.

**SECURITY:** The 2022 Bonds are secured by a pledge of and lien under the Water Utility Parity System Master Resolution and the Indenture on Valley Water’s Water Utility System Revenues and are payable from Net Water Utility System Revenues, all as more fully described in the Preliminary Official Statement. The 2022C Obligations are secured by installment payments (the “Installment Payments”) payable by Valley Water pursuant to the Installment Purchase Agreement dated as of November 1, 2022 (the “Installment Purchase Agreement”), by and between Valley Water and the Corporation and amounts on deposit in certain funds and accounts established under the Trust Agreement. The Installment Payments are secured by a pledge of Valley Water’s Water Utility System Revenues and amounts on deposit in certain funds and accounts established under the Water Utility Parity System Master Resolution and the Trust Agreement.

## **TERMS OF SALE**

### ***Form of Bid; Maximum Discount/Premium***

Each bid must be unconditional. Each bid must be made using the corresponding “Bid Form” as provided in this Official Notice of Sale.

Each bid for Bid Group A must be for not less than all of the 2022A Bonds and 2022C Obligations offered for sale and at a purchase price of (i) not less than [109]% of the par value thereof and (ii) not more than [123]% of the par value thereof.

Each bid for Bid Group B must be for not less than all of the 2022B Bonds offered for sale and at a purchase price of (i) not less than [100]% of the par value thereof and (ii) not more than [101]% of the par value thereof.

Each bid must be in accordance with the terms and conditions set forth in this notice. Bids must be submitted via PARITY®, all as described herein.

### ***Designation of Interest Rates***

Each bidder must specify the rate or rates of interest which the Securities of a Bid Group shall represent. A bidder will be permitted to bid different rates of interest for the respective maturities of the Securities of a given series, but

- (i) each interest rate specified for the Securities of Bid Group A must be in a multiple of one-twentieth (1/20) or one-eighth (1/8) of one percent (1%) and a zero rate of interest cannot be specified;
- (ii) each interest rate specified for the Securities of Bid Group B must be in a multiple of one-thousandth (1/1000) of one percent (1%) and a zero rate of interest cannot be specified;
- (iii) no Security maturing between June 1, 20[33] and June 1, 20[52], inclusive, shall have a rate of interest of less than five percent (5%) per annum;
- (iv) interest with respect to each Security shall be computed from the scheduled date of the Securities, to its stated maturity at the interest rate specified in the bid, payable on the Interest Payment Dates as set forth above;
- (v) all Securities of a given series maturing at any one time shall represent the same rate of interest; and
- (vi) no proposal will be accepted which contemplates the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price.

### ***Designation of Best Bid***

The Securities of a Bid Group will be awarded to the eligible and responsible bidder whose bid produces the lowest true interest cost (“TIC”) on the Securities of such Bid Group (and without regard to any adjustment of the principal amount after the receipt of bids and described under the caption “Terms of Sale — Adjustment of Maturity Amounts”). The TIC specified in any bid will be that rate which, when used in computing the present worth of all payments of principal and interest to be paid on all Securities in such Bid Group to December [20], 2022\*, the delivery date of the Securities, from their respective maturity dates (or mandatory sinking fund redemption dates) produces an amount equal to the purchase price specified in such bid. For purposes of computing the TIC represented by any proposal, the purchase price specified in such proposal shall be equal to the par amount of the Securities in such Bid Group plus any premium or minus any discount specified in such proposal, and the TIC shall be calculated by the use of a semiannual interval of compounding interest, computed on the basis of a 360-day year consisting of twelve 30-day months, based on the Interest Payment Dates for the Securities in such Bid Group. In the event two or more bids offer the same lowest TIC, Valley Water reserves the right to exercise its own discretion and judgment in making the award.

### ***Adjustment of Maturity Amounts***

The principal components of each maturity of Securities set forth in the Bid Forms reflect certain estimates of Valley Water and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium (or discount) contained in the winning bid. Following the determination of the successful bidder for the Securities of a Bid Group (a “Purchaser”), Valley Water reserves the right to adjust the par amount of the Securities (in \$5,000 increments) for the purpose of achieving its financing objectives. Any such adjustment shall not cause the aggregate principal amount of the Securities in such Bid Group to increase or decrease by more than 10% from the total amount shown in the table titled “Maturity” in the Bid Forms or change the principal amount of any maturity

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\* Preliminary, subject to change.

(or mandatory sinking fund redemption date) of a series by more than the greater of \$[500],000 or 10%. Any such adjustments will be made within 24 hours of the bid opening and at the sole discretion of Valley Water. The dollar amount bid for the Securities of a Bid Group by a Purchaser will be adjusted to reflect any adjustments in the total principal amount. A PURCHASER OF A BID GROUP MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.

***Certification to be Completed Prior to Bidding***

Prior to bidding on any Bid Group, all prospective bidders are required to submit an executed and scanned copy of the Bidder Certification (Exhibit) A by 11:00 a.m. California time on Fri/Monday, December [2/5], 2022, which is the business day prior to the sale date, via email via email to [csun@valleywater.org](mailto:csun@valleywater.org) and [esoong@pragadvisors.com](mailto:esoong@pragadvisors.com).

***No Insurance***

A Purchaser of a Bid Group may not purchase municipal bond insurance in connection with the initial offering of the Securities.

***Right to Reject Bids, Waive Irregularities***

Valley Water reserves the right to reject any and all bids, and to the extent permitted by law, to waive any irregularity or informality in any bid.

***Prompt Award***

In the event Valley Water does not reject all bids of a Bid Group, notice of the award will be given by telephone or via PARITY® to the Purchaser not later than three hours after the time specified above for receipt of a particular bid. Upon the giving of such notice, the Securities in such Bid Group shall be deemed sold to the bidder so notified.

***Good Faith Deposit***

A good faith deposit (“Deposit”) in the form of a wire transfer in immediately available federal funds is required within 90 minutes following the award to a Purchaser of their related Bid Group. Wiring instructions will be provided to a Purchaser shortly after the verbal award.

The Deposit for Bid Group A is \$[xx].00.

The Deposit for Bid Group B is \$[xx].00.

In the event a Purchaser fails to honor its accepted bid, their Deposit will be retained by Valley Water as and for full liquidated damages for the failure of such Purchaser to accept delivery of and pay for the Securities in such Bid Group. The retention of such Deposit shall constitute a full release and discharge of all claims and rights of Valley Water against such Purchaser on account of such failure and a waiver of any right Valley Water may have to any additional damages for such failure. By submitting a bid, each Purchaser waives any right to claim that actual damages resulting from such failure are less than the amount of such Deposit, and agrees that the amount of such Deposit is a reasonable estimate of damages that Valley Water may suffer in the event of such failure.

If a Purchaser completes its purchase of the Securities in a Bid Group on the terms stated in its proposal, its Deposit will be applied to the purchase price of the Securities in such Bid Group on the date of delivery of the Securities. No interest will be paid upon the Deposit made by each Purchaser.

***Deliver and Payment; Book Entry Only***

Delivery of the Securities is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about December [20], 2022 and will be available to a Purchaser in book-entry form only as more fully set out in the Official Statement for the Securities. Payment for the Securities in a Bid Group must be made in Federal Reserve Bank funds or other funds immediately available to the Trustee in San Francisco, California. Any expense associated with providing immediate funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the Purchaser. The delivery of the Securities of each Bid Group is not dependent on the delivery of the other Bid Group.

***Right of Cancellation***

A Purchaser shall have the right, at its option, to cancel its bid if Valley Water shall fail to issue the Securities in such Bid Group and tender the same for delivery within 60 days from the date of sale thereof.

***Statement of True Interest Cost***

Each bidder is requested, but not required, to state in its proposal the TIC of its bid, which shall be considered as informative only and not binding.

***CUSIP Numbers***

Valley Water's Municipal Advisor will apply for CUSIP numbers for the Securities and will submit the CUSIP numbers to Parity to be provided to all bidders. It is anticipated that CUSIP numbers will be printed on the Securities in such Bid Group, but neither the failure to print such numbers on the Securities in such Bid Group nor any error with respect thereto shall constitute cause for a failure or refusal by a Purchaser thereof to accept delivery of and pay for the Securities in such Bid Group in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Securities in a Bid Group shall be paid for by Valley Water, but the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the Purchaser in such Bid Group. A Purchaser shall also be required to pay all fees required by DTC, Securities Industry and Financial Market Association, the Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the execution and delivery of the Securities in such Bid Group.

***Official Statement***

Valley Water has approved a Preliminary Official Statement relating to the Securities and has authorized the use of said Preliminary Official Statement in connection with the sale of the Securities. The Preliminary Official Statement has been "deemed final" by Valley Water for purposes of SEC Rule 15c2-12 (the "Rule"), although subject to revision, amendment and completion in a final Official Statement in conformance with such Rule. Valley Water will provide a Purchaser an electronic version of the final Official Statement as such bidder may request no later than seven business days after the date of sale of the Securities. Within 24 hours after Valley Water has given notice of the award of the

Securities of a Bid Group, a Purchaser of such Bid Group agrees to supply to Valley Water all necessary pricing information and any underwriter identification necessary to complete the Official Statement.

Valley Water, at its discretion, will electronically distribute the Official Statement on any date that is in compliance with the Rule, and at least one business day prior to the delivery of the Securities. This paragraph will constitute a contract with each successful bidder upon acceptance of their bid by Valley Water, in compliance with the Rule.

### ***Issue Price***

The Purchaser of the Bid Group A Securities shall assist Valley Water in establishing the issue price of the Bid Group A Securities and shall execute and deliver to Valley Water in connection with the delivery of the Bid Group A Securities, the Closing Issue Price Certificate described under “***Closing Issue Price Certificate***” herein, setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bid Group A Securities, 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 Valley Water and Stradling Yocca Carlson & Rauth, a Professional Corporation (“Stradling”).

Valley Water intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bid Group A Securities) will apply to the initial sale of the Bid Group A Securities (the “competitive sale requirements”) because:

- (1) Valley Water shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) Valley Water may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) Valley Water anticipates awarding the sale of the Bid Group A Securities to the bidder who submits a firm offer to purchase the Bid Group A Securities at the highest price (or lowest true interest cost), as set forth in this Official Notice of Sale.

*Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bid Group A Securities, as specified in the bid. As described in more detail in the following paragraphs, if the competitive sale requirements are not satisfied, Valley Water has determined to apply the hold-the-offering-price rule (as described in the second paragraph below) to each applicable maturity of the Bid Group A Securities, and the winning bidder agrees to comply with the hold-the-offering-price rule, in the manner described below.*

Bidders should prepare their bids on the assumption that Valley Water will determine the issue price of the Bid Group A Securities either based on the reasonably expected initial offering price to the public or by application of the hold-the-offering-price rule.

In the event the competitive sale requirements are not satisfied, the Purchaser of the Bid Group A Securities is required to comply with the hold-the-offering-price rule. The Purchaser of the Bid Group A Securities shall also confirm that any underwriters participating in the purchase of the Bid Group A Securities have offered or will offer each maturity of the Bid Group A Securities to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder. The Purchaser of the Bid Group A Securities further shall agree, on behalf of any underwriters participating in the purchase of the Bid Group A Securities, that the underwriters will neither offer nor sell unsold Bid Group A Securities of any maturity to which the hold-the-offering-price rule shall apply 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 (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Bid Group A Securities to the public at a price that is no higher than the initial offering price to the public.

The Purchaser of the Bid Group A Securities shall within one business day report to Valley Water, when the Purchaser of the Bid Group A Securities or any underwriters participating in the purchase of the Bid Group A Securities have sold 10% of that maturity of the Bid Group A Securities to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5<sup>th</sup>) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The Purchaser of the Bid Group A Securities shall cooperate with Valley Water and Stradling, including by providing requested information to assist in establishing the issue price of the Bid Group A Securities and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the Purchaser of the Bid Group A Securities will confirm that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which any winning bidder is a party) relating to the initial sale of the Bid Group A Securities to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Bid Group A Securities to the public, together with the related pricing wires, will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bid Group A Securities to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any Bid Group A Securities to any person that is a related party to an underwriter participating in the initial sale of the securities to the public (each such term being used as defined

below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party to an underwriter,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with Valley Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bid Group A Securities 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 Bid Group A Securities 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 Bid Group A Securities to the public),
- (3) a purchaser of any of the Bid Group A Securities is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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
- (4) “sale date” means the date that the Bid Group A Securities are awarded by the Valley Water to the Purchaser of the Bid Group A Securities.]

***Closing Issue Price Certificate.*** As a condition of delivery of the Bid Group A Securities, the Purchaser of the Bid Group A Securities must submit to Valley Water a certificate (the “Closing Issue Price Certificate” further described below), substantially in the form attached in Exhibit B, with such modifications as may be appropriate or necessary in the reasonable judgment of Valley Water and Stradling. In making such representations, the Purchaser of the Bid Group A Securities must reflect the anticipated existence, if any, of a “derivative product” (e.g., a tender option) offered or to be offered by the Purchaser of the Bid Group A Securities or any affiliate in connection with the initial sale of any of the Bid Group A Securities. The Purchaser of the Bid Group A Securities shall also, if asked by Stradling, provide additional information necessary in the judgment of Stradling to determine issue price of the Bid Group A Securities.

#### ***DTC Fee***

All fees paid to DTC as a result of the use of DTC’s book entry system for the Securities in a Bid Group shall be paid by the Purchaser of such Bid Group.

### ***California Debt and Investment Advisory Commission***

The Purchaser of a Bid Group will be required to pay any fees due to the California Debt and Investment Advisory Commission (“CDIAC”) under California law. CDIAC will invoice the Purchaser of a Bid Group after the delivery of the Securities in such Bid Group.

### ***Tax-Exempt Status***

Stradling will render its opinion as to the Bid Group A Securities that, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Bid Group A Securities is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Bid Group A Securities might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. Stradling will also render its opinion that interest on all the Securities (including the Securities of Bid Group B) is exempt from State of California personal income tax.

### ***Legal Opinion***

The legal opinion of Stradling, as Bond Counsel with respect to the 2022 Bonds, approving the validity of the Indenture, will be furnished to the Purchaser of the 2022 Bonds without cost. The legal opinion of Stradling, as Special Counsel to Valley Water with respect to the 2022C Obligations, approving the validity of the Installment Purchase Agreement and the Trust Agreement, will be furnished to the Purchaser of the 2022C Obligations with cost. A copy of the legal opinions, certified by the official in whose office the original is filed, will be printed on each Security at the expense of Valley Water.

### ***Continuing Disclosure***

In order to assist the Purchasers in complying with the Rule, Valley Water has committed to undertake, pursuant to Continuing Disclosure Agreements with respect to the 2022 Bonds and the 2022C Obligations, to provide certain annual financial information and notices of the occurrence of certain events, if material. Copies of the undertakings are set forth as appendices to the Preliminary Official Statement and will also be set forth in the final Official Statement. Valley Water will be required to deliver Continuing Disclosure Agreements in substantially the forms and containing substantially the same provisions as set forth in the Preliminary Official Statement, and the failure by Valley Water to deliver such documents in form and substance identical to the forms set forth in the Preliminary Official Statement will relieve the Purchasers of their obligation to purchase their related Securities. See the Preliminary Official Statement under the caption “CONTINUING DISCLOSURE UNDERTAKING” for information with respect to Valley Water’s prior compliance with undertakings pursuant to the Rule.

### ***Closing Documents***

Valley Water will furnish to the Purchasers at the closing of the Securities: (i) a no-litigation certificate certifying that as of and at the time of delivery of the Securities, there is no litigation or

administrative proceeding pending or threatened concerning the validity of the Securities, the security of the Securities, the corporate existence of Valley Water or the title of the officers legally responsible for the authorization, execution and delivery of the Securities of their respective offices; (ii) a certificate of authorized officials of Valley Water, stating to the best knowledge, information and belief of such officials, that the Preliminary Official Statement used in connection with the Securities, did not on the date of sale, and the final Official Statement does not on the date of delivery (excluding certain information therein): (a) contain any untrue statement of a material fact; or (b) omit to state a material fact necessary in order to make the statements therein contained, in light of the circumstances under which they were made, not misleading; (iii) to each Purchaser, a receipt of the Trustee showing that the purchase price of the Securities in their respective Bid Group has been received by the Trustee; and (iv) to the Purchaser of the Securities of Bid Group A a certificate of Valley Water stating that on the basis of the facts, estimates and circumstances in existence on the date of delivery, it is not expected that the proceeds of the Securities of Bid Group A will be used in a manner that would cause the Securities to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

### ***Right to Modify or Amend***

Valley Water reserves the right to modify or amend this Official Notice of Sale including, but not limited to, the right to adjust and change the amortization schedule of the Securities being offered as described above under the caption “Terms of Sale — Adjustment of Maturity Amounts;” however, such modifications or amendments shall be made not later than 1:00 p.m. (California time) one business day prior to the bid opening and communicated through notice delivered via MuniOS ([www.munios.com](http://www.munios.com)), Refinitiv Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), or by some other method as determined by Valley Water.

### ***Postponement or Cancellation***

Valley Water reserves the right to cancel at any time or postpone, from time to time, the date established for the receipt of bids. Any such cancellation or postponement will be announced by notice delivered via MuniOS ([www.munios.com](http://www.munios.com)), Refinitiv Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), or by some other method as determined by Valley Water prior to the date and time for receipt of bids. If any date fixed for the receipt of bids is postponed, any alternative sale date will be announced by notice delivered via MuniOS ([www.munios.com](http://www.munios.com)), Refinitiv Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), or by some other method as deemed by Valley Water at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Securities in conformity in all respects with the provisions of this Official Notice of Sale except for the new date of sale and except for the changes announced at the time the new sale date and times are announced.

### ***Additional Information***

Copies of the current drafts of the Indenture and of this Official Notice of Sale, the Bid Form and the Preliminary Official Statement and any other pertinent information will be furnished to any potential bidder upon request made to Valley Water’s Municipal Advisor at: Public Resources Advisory Group, 11500 West Olympic Blvd., Suite 400, Los Angeles, California 90064, attention: Edmund Soong; phone 310-477-1453; email [esoong@pragadvisors.com](mailto:esoong@pragadvisors.com).

By making a bid for the Securities in a Bid Group, a Purchaser agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any

supplements prepared by Valley Water, (2) promptly file a copy of the final Official Statement, including any supplements prepared by Valley Water, with a Nationally Recognized Municipal Securities Information Depository, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Securities to ultimate purchasers.

Dated: November 17, 2022

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Chief Financial Officer

**BID FORM – BID GROUP A**  
**(Electronic Bids Accepted via PARITY® — see the Official Notice of Sale)**

**[\$[TE-AC PAR],000\***

**[\$[REV-A PAR],000\***  
**SANTA CLARA VALLEY WATER DISTRICT**  
**WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2022A**

**[\$[IO-C PAR],000\***  
**SANTA CLARA VALLEY WATER DISTRICT**  
**REVENUE CERTIFICATES OF PARTICIPATION**  
**(WATER UTILITY SYSTEM IMPROVEMENT PROJECTS)**  
**SERIES 2022C**

To: The Santa Clara Valley Water District

We offer to purchase all of the aggregate principal amount of the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Series 2022A and Certificates of Participation (Water Utility System Improvement Projects), Series 2022C (the “Securities”), more particularly described in the Official Notice of Sale dated November 17, 2022, which is incorporated herein and made a part hereof, at a purchase price of \$\_\_\_\_\_. This offer is for Securities representing interest at the rates and maturing (or be subject to mandatory sinking fund redemption) as follows.

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\* Preliminary, subject to change.

<i>Series</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<u><i>Serial or Term</i></u>	<i>Term Maturity</i>
2022A	June 1, 2023	\$,000					
2022A	June 1, 2024	,000					
2022A	June 1, 2025	,000					
2022A	June 1, 2026	,000					
2022A	June 1, 2027	,000					
2022A	June 1, 2028	,000					
2022A	June 1, 2029	,000					
2022A	June 1, 2030	,000					
2022A	June 1, 2031	,000					
2022A	June 1, 2032	,000					
2022A	June 1, 2033	,000					
2022A	June 1, 2034	,000					
2022A	June 1, 2035	,000					
2022A	June 1, 2036	,000					
2022A	June 1, 2037	,000					
2022A	June 1, 2038	,000					
2022A	June 1, 2039	,000					
2022A	June 1, 2040	,000					
2022A	June 1, 2041	,000					
2022A	June 1, 2042	,000					
2022A	June 1, 2043	,000					
2022A	June 1, 2044	,000					
2022A	June 1, 2045	,000					
2022A	June 1, 2046	,000					
2022A	June 1, 2047	,000					
2022A	June 1, 2048	,000					
2022A	June 1, 2049	,000					
2022A	June 1, 2050	,000					
2022A	June 1, 2051	,000					
2022A	June 1, 2052	,000					
2022C	June 1, 2026	,000				X	

Our calculation of the true interest cost (“TIC”) which is considered to be informative only and not a part of the bid, is \_\_\_\_\_.

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the Securities.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Securities are awarded pursuant to this bid.

I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_

Telephone No. \_\_\_\_\_

Syndicate Members: \_\_\_\_\_

(If your bid is delivered electronically, a Syndicate Members list, if applicable, must be provided in writing to Valley Water within 24 hours after the receipt of your bid; if your bid is delivered by telecopy transmission, a Syndicate Members list, if applicable, should be filled in herein)

**BID FORM – BID GROUP B**  
**(Electronic Bids Accepted via PARITY® — see the Official Notice of Sale)**

**\$(REV-B PAR],000\***  
**SANTA CLARA VALLEY WATER DISTRICT**  
**WATER SYSTEM REFUNDING REVENUE BONDS, TAXABLE SERIES 2022B**

To: The Santa Clara Valley Water District

We offer to purchase all of the aggregate principal amount of the Santa Clara Valley Water District Water System Refunding Revenue Bonds, Taxable Series 2022B (the “Securities”), more particularly described in the Official Notice of Sale dated November 17, 2022, which is incorporated herein and made a part hereof, at a purchase price of \$\_\_\_\_\_. This offer is for Securities representing interest at the rates and maturing (or be subject to mandatory sinking fund redemption) as follows.

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\* Preliminary, subject to change.

<i>Series</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<u><i>Serial or Term</i></u>		<i>Term Maturity</i>
						<i>Serial</i>	<i>Term</i>	
2022B	June 1, 2023	\$,000						
2022B	June 1, 2024	,000						
2022B	June 1, 2025	,000						
2022B	June 1, 2026	,000						
2022B	June 1, 2027	,000						
2022B	June 1, 2028	,000						
2022B	June 1, 2029	,000						
2022B	June 1, 2030	,000						
2022B	June 1, 2031	,000						
2022B	June 1, 2032	,000						
2022B	June 1, 2033	,000						
2022B	June 1, 2034	,000						
2022B	June 1, 2035	,000						
2022B	June 1, 2036	,000						
2022B	June 1, 2037	,000						
2022B	June 1, 2038	,000						
2022B	June 1, 2039	,000						
2022B	June 1, 2040	,000						
2022B	June 1, 2041	,000						
2022B	June 1, 2042	,000						
2022B	June 1, 2043	,000						
2022B	June 1, 2044	,000						
2022B	June 1, 2045	,000						
2022B	June 1, 2046	,000						
2022B	June 1, 2047	,000						
2022B	June 1, 2048	,000						
2022B	June 1, 2049	,000						
2022B	June 1, 2050	,000						
2022B	June 1, 2051	,000						
2022B	June 1, 2052	,000						

Our calculation of the true interest cost (“TIC”) which is considered to be informative only and not a part of the bid, is \_\_\_\_\_.

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the Securities.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Securities are awarded pursuant to this bid.

I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_

Telephone No. \_\_\_\_\_

Syndicate Members: \_\_\_\_\_

(If your bid is delivered electronically, a Syndicate Members list, if applicable, must be provided in writing to Valley Water within 24 hours after the receipt of your bid; if your bid is delivered by telecopy transmission, a Syndicate Members list, if applicable, should be filled in herein)

**EXHIBIT A**

**BIDDER CERTIFICATION**

Under IV. Executive Limitations, Financial Management, Policy No. EL-4, 4.7.7. of the Governance Policy of the Board of Directors of the Santa Clara Valley Water District:

Valley Water shall not do business with banks who do not have an ESG ranking at or better than the “Average/Medium” category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine Bay Area counties with total assets at or below \$10 billion are exempt from this provision

Please check 1. or 2. below and 3. and sign below:

1.  The attachment provides proof of our ESG ranking at or better than the “Average/Medium” category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms.

OR

2.  We are located within the nine Bay Area counties with total assets at or below \$10 billion.

AND

3.  We are eligible for appointments as part of the State of California Treasurer’s 2021-2023 Underwriter Pool (<https://www.treasurer.ca.gov/bonds/pools/underwriter.asp>).

**CERTIFICATION:**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that the foregoing is true and correct. This certification is made under the laws of the State of California.

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_,  
Firm Name

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT B**

**SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REFUNDING REVENUE BONDS, SERIES 2022A**

**[\$[IO-C PAR],000\***

**SANTA CLARA VALLEY WATER DISTRICT  
REVENUE CERTIFICATES OF PARTICIPATION  
(WATER UTILITY SYSTEM IMPROVEMENT PROJECTS)  
SERIES 2022C**

**CERTIFICATION OF THE PURCHASER**

\_\_\_\_\_ (the “Purchaser”) is making these certifications in connection with the above-captioned obligations described in Schedule A attached hereto (the “Obligations”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Stradling Yocca Carlson & Rauth, a Professional Corporation (“Stradling”), (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

[IF 3 BIDS RECEIVED]

**A. Issue Price.**

1. On \_\_\_\_\_, the Purchaser won on a competitive basis the right to reoffer the Obligations.

2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. The Purchaser has actually offered each of the Maturities of the Obligations at the Expected Offering Prices to the Public. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

**B. Defined Terms.**

1. *Issuer* means the Santa Clara Valley Water District.

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\* Preliminary, subject to change.

2. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.

3. *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.

4. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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).

5. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].

6. *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 Obligations 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 Obligations 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 Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

**A. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

1. The Purchaser 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 Obligations is attached to this certificate as Schedule B.

2. By submission of its bid, the Purchaser has agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations 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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party 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 Obligations during the Holding Period.

**B. Defined Terms.**

1. *Hold-the-Offering-Price Maturities* means those Maturities of the Obligations where the issue price was established under Treasury Regulations § 1.148-1(f)(2)(ii), as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

2. *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 the Purchaser 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.

3. *Issuer* is as defined in the attached Tax Certificate.

4. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.

5. *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.

6. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is \_\_\_\_\_.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations 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 Obligations 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 Obligations to the Public).

Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

[IF 3 BIDS]

**SCHEDULE A**

**EXPECTED OFFERING PRICES**

<i>Maturity Date</i> (____ 1)	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Expected Offering Prices</i>
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[IF 3 BIDS]

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE A**

<i>Date</i>	<i>Principal Amount</i>	<i>Rate</i>	<i>Initial Offering Price</i>	<i>General Rule Maturities</i>	<i>Hold-the-Offering-Price Maturities</i>
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**OFFICIAL NOTICE OF SALE  
AND BID FORM**

**[\$[AB PAR],000\*  
SANTA CLARA VALLEY WATER DISTRICT  
SAFE CLEAN WATER PROGRAM**

**[\$[REV-A PAR]\*  
REFUNDING REVENUE BONDS  
SERIES 2022A**

**[\$[IO-B PAR]\*  
REVENUE CERTIFICATES OF  
PARTICIPATION  
(INTERIM OBLIGATIONS)  
SERIES 2022B**

NOTICE IS HEREBY GIVEN that the Santa Clara Valley Water District Safe Clean Water Program Refunding Revenue Bonds Series 2022A (the “2022A Bonds”) and the Santa Clara Valley Water District Safe Clean Water Program Revenue Certificates of Participation (Interim Obligations) Series 2022B (the “2022B Obligations”, and collectively with the 2022A Bonds, the “Securities”) to be delivered pursuant to Resolution No. 21-34 adopted by the Board of Directors (the “Board”) of the Santa Clara Valley Water District (“Valley Water”) on May 11, 2021, as amended (the “SCW Master Resolution”) and, with respect to the 2022A Bonds, an Indenture of Trust, dated as of November 1, 2022, (the “Indenture”) between Valley Water and U.S. Bank Trust Company, National Association, as Trustee (the “Trustee”), and with respect to the 2022B Obligations, a Trust Agreement, dated as of November 1, 2022, by and among Valley Water, the Santa Clara Valley Water District Public Facilities Financing Corporation (the “Corporation”) and the Trustee, will be offered for sale according to the following terms:

**ELIGIBLE BIDDERS:** Bidders must comply with the Governance Policies of the Board, specifically IV. Executive Limitations, Financial Management, Policy No. EL-4, 4.7.7. (page IV-8 of <https://s3.us-west-2.amazonaws.com/valleywater.org.if-us-west-2/f2-live/s3fs-public/4%20-%20Executive%20Limitations%20-%20Revised%20to%20this%20on%202022-07-20.pdf>) which states:

Valley Water shall not do business with banks who do not have an ESG ranking at or better than the “Average/Medium” category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine Bay Area counties with total assets at or below \$10 billion are exempt from this provision

Bidders must also be eligible for appointments as part of the State of California Treasurer’s 2021-2023 Underwriter Pool (<https://www.treasurer.ca.gov/bonds/pools/underwriter.asp>) on the sale date. Valley Water shall have sole discretion to determine the eligibility of all bidders in accordance with these provisions. Bids from firms determined to be ineligible shall be rejected.

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\* Preliminary, subject to change.

**PRE-BID BIDDER CERTIFICATION:** Each bidder is required to submit an executed and scanned copy of the Bidder Certification (Exhibit A) by 11:00 a.m. California time on Fri/Monday, December [2/5], 2022, which is the business day prior to the sale date, via email to [csun@valleywater.org](mailto:csun@valleywater.org) and [esoong@pragadvisors.com](mailto:esoong@pragadvisors.com).

**SALE DATE:** Electronic bids will be received for the Securities on December [5/6], 2022; provided, however, that Valley Water reserves the right to cancel the sale or postpone the sale date, as more fully described herein under “Postponement and Cancellation.” Electronic bids must be submitted through PARITY<sup>®</sup>, as further described herein under “ELECTRONIC BIDS.”

The Securities are more particularly described in the Preliminary Official Statement, dated November 17, 2022, the Resolution, and the Indenture.

**TIME:** Electronic bids will be received for until [9:30/7:30] a.m. California time.

**ELECTRONIC BIDS:** Any prospective bidder intending to submit an electronic bid must submit its bid via PARITY<sup>®</sup>.

Valley Water assumes no responsibility or liability for bids submitted through the PARITY<sup>®</sup> electronic bid submission system. If any provisions in this Official Notice of Sale conflict with information provided by PARITY<sup>®</sup>, this Official Notice of Sale shall control. Information about PARITY<sup>®</sup> may be obtained from:

PARITY<sup>®</sup> Customer Support  
(877) 588-5030

Each electronic bid shall be deemed an irrevocable offer to purchase the Securities pursuant to the terms provided in this Official Notice of Sale, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to Valley Water. Valley Water shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of PARITY<sup>®</sup>, the use of such facilities being the sole risk of the prospective bidder.

For purposes of the electronic bid process, the time as maintained by PARITY<sup>®</sup> shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to Valley Water, as described in this Official Notice of Sale and in the written form of the Bid Form. All electronic bids shall be deemed to incorporate the provisions of this Official Notice of Sale and the form of Bid Form.

**DATE AND DENOMINATION:** The Securities are to be issued in fully registered form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), and will be available in book-entry form only in denominations of \$5,000 or any integral multiples thereof, all dated as of the dated date of the Securities, and comprising all of the authorized Securities.

**PAYMENT:** Payment of interest with respect to the 2022A Bonds on each February 1 and August 1 (each, an “Interest Payment Date”), commencing [February 1, 2023], and, with respect to the 2022B Obligations on each June 1 and December 1 (each, also an “Interest Payment Date”), commencing June 1, 2023, shall be made to the person appearing on the registration books of the Trustee as the Owner thereof as of the Record Date (the close of business on the fifteenth day of the

month preceding each Interest Payment Date, whether or not such fifteenth day is a business day) immediately preceding such Interest Payment Date, such interest to be paid by check mailed to such Owner on the Interest Payment Date at his or her address as it appears on such registration books or at such other address as he or she may have filed with the Trustee for that purpose on or before the Record Date.

It is anticipated that the Securities will be issued in the name of Cede & Co., a nominee of DTC, and will be available in book-entry form only. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Securities by participants of DTC will be the responsibility of such participants and other nominees of the beneficial owners. Valley Water will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or acting through such participants.

**MATURITIES:** The Securities will mature or be subject to mandatory sinking fund redemption on the dates and in the amounts, as set forth in the respective Bid Form. Each bidder may specify in its bid whether, for any particular year, the 2022A Bonds of a given series will be term bonds subject to mandatory sinking fund redemption in the applicable principal amount set forth in the respective Bid Form. The 2022B Obligations may not be subject to mandatory sinking fund redemption. (See “Redemption” below for additional details.) The final amount of each maturity of the Securities shall be subject to increase or reduction as described below under the heading “Terms of Sale — Adjustment of Maturity Amounts.”

**REDEMPTION:** The Securities are subject to mandatory and/or extraordinary redemption prior to their stated maturities as set forth below and in the Preliminary Official Statement. In addition, the Securities are subject to optional redemption as set forth below and in the Preliminary Official Statement.

The 2022A Bonds shall be subject to redemption prior to their respective stated maturities, as whole or in part on any date on or after \_\_\_\_\_, 20\_\_ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

The 2022B Obligations shall be subject to redemption prior to their respective stated maturities, as whole or in part on any date on or after \_\_\_\_\_, 20\_\_ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

Any bidder may, at its option, specify that one or more maturities of the 2022A Bonds will consist of term bonds which are subject to mandatory sinking fund redemption in consecutive years immediate preceding the maturity thereof, as designated in the bid of such bidder, provided that no such term bond shall have a final maturity date of later than August 1, [2032], if mandatory sinking fund redemptions with respect thereto commence on or prior to August 1, [2031]. In the event that the bid of the successful bidder specifies that any maturity of the 2022A Bonds will be a term bond, such term Securities will be subject to mandatory sinking fund redemption on June 1 in each applicable year in the principal amount for such year as set forth above under the heading “Maturities,” at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

**PURPOSE:** The proceeds of the sale of the 2022A Bonds are to be applied to pay the principal portion of outstanding Santa Clara Valley Water District commercial paper and revolving certificates,

as further described in the Preliminary Official Statement and to pay costs of issuance with respect thereto.

The proceeds of the sale of the 2022B Obligations are finance the cost of certain projects for the Safe Clean Water Program, reimburse Valley Water for costs previously expended on projects for the Safe Clean Water Program, pay the principal of a portion of the currently outstanding commercial paper certificates and revolving certificates executed and delivered to finance projects for the Safe Clean Water Program, fund capitalized interest represented by the 2022B Interim Obligations through the maturity date thereof, and pay the costs of executing and delivering the 2022B Obligations.

**SECURITY:** The 2022A Bonds are secured by a pledge of and lien under the SCW Master Resolution and the Indenture on Valley Water’s SCW Revenues and are payable from SCW Revenues, all as more fully described in the Preliminary Official Statement. The 2022B Obligations are secured by installment payments (the “Installment Payments”) payable by Valley Water pursuant to the Installment Purchase Agreement dated as of November 1, 2022 (the “Installment Purchase Agreement”), by and between Valley Water and the Corporation and amounts on deposit in certain funds and accounts established under the Trust Agreement. The Installment Payments are secured by a pledge of Valley Water’s SCW Revenues and amounts on deposit in certain funds and accounts established under the SCW Master Resolution and the Trust Agreement.

## **TERMS OF SALE**

### ***Form of Bid; Maximum Discount/Premium***

Each bid must be unconditional. Each bid must be made using the corresponding “Bid Form” as provided in this Official Notice of Sale.

Each bid must be for not less than all of the Securities offered for sale and at a purchase price of (i) not less than \_\_\_\_% of the par value thereof and (ii) not more than \_\_\_\_% of the par value thereof.

Each bid must be in accordance with the terms and conditions set forth in this notice. Bids must be submitted via PARITY<sup>®</sup>, all as described herein.

### ***Designation of Interest Rates***

Each bidder must specify the rate or rates of interest which the Securities shall represent. A bidder will be permitted to bid different rates of interest for the respective maturities of the Securities of a given series, but

- (i) each interest rate specified for the Securities must be in a multiple of one-twentieth (1/20) or one-eighth (1/8) of one percent (1%) and a zero rate of interest cannot be specified;
- (ii) no Security maturing between \_\_\_\_ 1, 20\_\_ and \_\_\_\_ 1, 20\_\_, inclusive, shall have a rate of interest of less than five percent (5%) per annum;
- (iii) interest with respect to each Security shall be computed from the scheduled date of the Securities, to its stated maturity at the interest rate specified in the bid, payable on the Interest Payment Dates as set forth above;

- (iv) all Securities of a given series maturing at any one time shall represent the same rate of interest; and
- (v) no proposal will be accepted which contemplates the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price.

### ***Designation of Best Bid***

The Securities will be awarded to the eligible and responsible bidder whose bid produces the lowest true interest cost (“TIC”) on the Securities (and without regard to any adjustment of the principal amount after the receipt of bids and described under the caption “Terms of Sale — Adjustment of Maturity Amounts”). The TIC specified in any bid will be that rate which, when used in computing the present worth of all payments of principal and interest to be paid on all Securities to December [20], 2022\*, the delivery date of the Securities, from their respective maturity dates (or mandatory sinking fund redemption dates) produces an amount equal to the purchase price specified in such bid. For purposes of computing the TIC represented by any proposal, the purchase price specified in such proposal shall be equal to the par amount of the Securities plus any premium or minus any discount specified in such proposal, and the TIC shall be calculated by the use of a semiannual interval of compounding interest, computed on the basis of a 360-day year consisting of twelve 30-day months, based on the Interest Payment Dates for the Securities. In the event two or more bids offer the same lowest TIC, Valley Water reserves the right to exercise its own discretion and judgment in making the award.

### ***Adjustment of Maturity Amounts***

The principal components of each maturity of Securities set forth in the Bid Forms reflect certain estimates of Valley Water and its Municipal Advisor with respect to the likely interest rates of the winning bid and the premium (or discount) contained in the winning bid. Following the determination of the successful bidder for the Securities (a “Purchaser”), Valley Water reserves the right to adjust the par amount of the Securities (in \$5,000 increments) for the purpose of achieving its financing objectives. Any such adjustment shall not cause the aggregate principal amount of the Securities to increase or decrease by more than 10% from the total amount shown in the table titled “Maturity” in the Bid Forms or change the principal amount of any maturity (or mandatory sinking fund redemption date) of a series by more than the greater of \$[500],000 or 10%. Any such adjustments will be made within 24 hours of the bid opening and at the sole discretion of Valley Water. The dollar amount bid for the Securities by a Purchaser will be adjusted to reflect any adjustments in the total principal amount. A PURCHASER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR ANY INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE STATED PRINCIPAL AMOUNTS.

### ***Certification to be Completed Prior to Bidding***

Prior to bidding, all prospective bidders are required to submit an executed and scanned copy of the Bidder Certification (Exhibit) A by 11:00 a.m. California time on Fri/Monday, December [2/5], 2022, which is the business day prior to the sale date, via email via email to [csun@valleywater.org](mailto:csun@valleywater.org) and [esoong@pragadvisors.com](mailto:esoong@pragadvisors.com).

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\* Preliminary, subject to change.

### ***No Insurance***

A Purchaser may not purchase municipal bond insurance in connection with the initial offering of the Securities.

### ***Right to Reject Bids, Waive Irregularities***

Valley Water reserves the right to reject any and all bids, and to the extent permitted by law, to waive any irregularity or informality in any bid.

### ***Prompt Award***

In the event Valley Water does not reject all bids, notice of the award will be given by telephone or via PARITY<sup>®</sup> to the Purchaser not later than three hours after the time specified above for receipt of a particular bid. Upon the giving of such notice, the Securities shall be deemed sold to the bidder so notified.

### ***Good Faith Deposit***

A good faith deposit (“Deposit”) in the form of a wire transfer in immediately available federal funds is required within 90 minutes following the award to a Purchaser. Wiring instructions will be provided to a Purchaser shortly after the verbal award.

The Deposit is \$[xx].00.

In the event a Purchaser fails to honor its accepted bid, their Deposit will be retained by Valley Water as and for full liquidated damages for the failure of such Purchaser to accept delivery of and pay for the Securities. The retention of such Deposit shall constitute a full release and discharge of all claims and rights of Valley Water against such Purchaser on account of such failure and a waiver of any right Valley Water may have to any additional damages for such failure. By submitting a bid, each Purchaser waives any right to claim that actual damages resulting from such failure are less than the amount of such Deposit, and agrees that the amount of such Deposit is a reasonable estimate of damages that Valley Water may suffer in the event of such failure.

If a Purchaser completes its purchase of the Securities on the terms stated in its proposal, its Deposit will be applied to the purchase price of the Securities on the date of delivery of the Securities. No interest will be paid upon the Deposit made by each Purchaser.

### ***Deliver and Payment; Book Entry Only***

Delivery of the Securities is expected to be made in the name of Cede & Co., as nominee of The Depository Trust Company in New York, New York on or about December [20], 2022 and will be available to a Purchaser in book-entry form only as more fully set out in the Official Statement for the Securities. Payment for the Securities must be made in Federal Reserve Bank funds or other funds immediately available to the Trustee in San Francisco, California. Any expense associated with providing immediate funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the Purchaser.

### ***Right of Cancellation***

A Purchaser shall have the right, at its option, to cancel its bid if Valley Water shall fail to issue the Securities and tender the same for delivery within 60 days from the date of sale thereof.

### ***Statement of True Interest Cost***

Each bidder is requested, but not required, to state in its proposal the TIC of its bid, which shall be considered as informative only and not binding.

### ***CUSIP Numbers***

Valley Water's Municipal Advisor will apply for CUSIP numbers for the Securities and will submit the CUSIP numbers to Parity to be provided to all bidders. It is anticipated that CUSIP numbers will be printed on the Securities, but neither the failure to print such numbers on the Securities nor any error with respect thereto shall constitute cause for a failure or refusal by a Purchaser thereof to accept delivery of and pay for the Securities in accordance with the terms hereof. All expenses in relation to the printing of CUSIP numbers on the Securities shall be paid for by Valley Water, but the CUSIP Service Bureau charge for the assignment of said numbers shall be paid by the Purchaser. A Purchaser shall also be required to pay all fees required by DTC, Securities Industry and Financial Market Association, the Municipal Securities Rulemaking Board, and any other similar entity imposing a fee in connection with the execution and delivery of the Securities.

### ***Official Statement***

Valley Water has approved a Preliminary Official Statement relating to the Securities and has authorized the use of said Preliminary Official Statement in connection with the sale of the Securities. The Preliminary Official Statement has been "deemed final" by Valley Water for purposes of SEC Rule 15c2-12 (the "Rule"), although subject to revision, amendment and completion in a final Official Statement in conformance with such Rule. Valley Water will provide a Purchaser an electronic version of the final Official Statement as such bidder may request no later than seven business days after the date of sale of the Securities. Within 24 hours after Valley Water has given notice of the award of the Securities, a Purchaser agrees to supply to Valley Water all necessary pricing information and any underwriter identification necessary to complete the Official Statement.

Valley Water, at its discretion, will electronically distribute the Official Statement on any date that is in compliance with the Rule, and at least one business day prior to the delivery of the Securities. This paragraph will constitute a contract with each successful bidder upon acceptance of their bid by Valley Water, in compliance with the Rule.

### ***Issue Price***

The Purchaser shall assist Valley Water in establishing the issue price of the Securities and shall execute and deliver to Valley Water in connection with the delivery of the Securities, the Closing Issue Price Certificate described under "***Closing Issue Price Certificate***" herein, setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Securities, 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 Valley Water and Stradling Yocca Carlson & Rauth, a Professional Corporation (“Stradling”).

Valley Water intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Securities) will apply to the initial sale of the Securities (the “competitive sale requirements”) because:

- (1) Valley Water shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (2) all bidders shall have an equal opportunity to bid;
- (3) Valley Water may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) Valley Water anticipates awarding the sale of the Securities to the bidder who submits a firm offer to purchase the Securities at the highest price (or lowest true interest cost), as set forth in this Official Notice of Sale.

*Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Securities, as specified in the bid. As described in more detail in the following paragraphs, if the competitive sale requirements are not satisfied, Valley Water has determined to apply the hold-the-offering-price rule (as described in the second paragraph below) to each applicable maturity of the Securities, and the winning bidder agrees to comply with the hold-the-offering-price rule, in the manner described below.*

Bidders should prepare their bids on the assumption that Valley Water will determine the issue price of the Securities either based on the reasonably expected initial offering price to the public or by application of the hold-the-offering-price rule.

In the event the competitive sale requirements are not satisfied, the Purchaser of the Securities is required to comply with the hold-the-offering-price rule. The Purchaser of the Securities shall also confirm that any underwriters participating in the purchase of the Securities have offered or will offer each maturity of the Securities to the public on or before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder. The Purchaser of the Securities further shall agree, on behalf of any underwriters participating in the purchase of the Securities, that the underwriters will neither offer nor sell unsold Securities of any maturity to which the hold-the-offering-price rule shall apply 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 (5<sup>th</sup>) business day after the sale date; or
- (2) the date on which the underwriters have sold at least 10% of that maturity of the Securities to the public at a price that is no higher than the initial offering price to the public.

The Purchaser of the Securities shall within one business day report to Valley Water, when the Purchaser of the Securities or any underwriters participating in the purchase of the Securities have sold

10% of that maturity of the Securities to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date. For purposes of this paragraph, maturities with the same repayment terms, but separate CUSIPs, subject to the hold-the-offering price rule, will generally be treated as separate maturities for purposes of compliance with the hold-the-offering-price rule. The Purchaser of the Securities shall cooperate with Valley Water and Stradling, including by providing requested information to assist in establishing the issue price of the Securities and compliance with the hold-the-offering-price rule.

In making the representations set forth above, the Purchaser of the Securities will confirm that:

(i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which any winning bidder is a party) relating to the initial sale of the Securities to the public, together with the related pricing wires, will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and

(ii) any agreement among underwriters or selling group agreement relating to the initial sale of the Securities to the public, together with the related pricing wires, will contain language obligating each underwriter or dealer that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Securities to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the winning bidder or the underwriter and as set forth in the related pricing wires. By submitting a bid, each bidder confirms that sales of any Securities to any person that is a related party to an underwriter participating in the initial sale of the securities to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (1) “public” means any person other than an underwriter or a related party to an underwriter,
- (2) “underwriter” means (A) any person that agrees pursuant to a written contract with Valley Water (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Securities 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 Securities 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 Securities to the public),
- (3) a purchaser of any of the Securities is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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

- (4) “sale date” means the date that the Securities are awarded by the Valley Water to the Purchaser of the Securities.]

***Closing Issue Price Certificate.*** As a condition of delivery of the Securities, the Purchaser of the Securities must submit to Valley Water a certificate (the “Closing Issue Price Certificate” further described below), substantially in the form attached in Exhibit B, with such modifications as may be appropriate or necessary in the reasonable judgment of Valley Water and Stradling. In making such representations, the Purchaser of the Securities must reflect the anticipated existence, if any, of a “derivative product” (e.g., a tender option) offered or to be offered by the Purchaser of the Securities or any affiliate in connection with the initial sale of any of the Securities. The Purchaser of the Securities shall also, if asked by Stradling, provide additional information necessary in the judgment of Stradling to determine issue price of the Securities.

### ***DTC Fee***

All fees paid to DTC as a result of the use of DTC’s book entry system for the Securities shall be paid by the Purchaser.

### ***California Debt and Investment Advisory Commission***

The Purchaser will be required to pay any fees due to the California Debt and Investment Advisory Commission (“CDIAC”) under California law. CDIAC will invoice the Purchaser after the delivery of the Securities.

### ***Tax-Exempt Status***

Stradling will render its opinion as to the Securities that, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements, interest on the Securities is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”), interest (and original issue discount) with respect to the Securities might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations. Stradling will also render its opinion that interest on the Securities is exempt from State of California personal income tax.

### ***Legal Opinion***

The legal opinion of Stradling, as Bond Counsel with respect to the 2022A Bonds, approving the validity of the Indenture, will be furnished to the Purchaser of the 2022A Bonds without cost. The legal opinion of Stradling, as Special Counsel to Valley Water with respect to the 2022B Obligations, approving the validity of the Installment Purchase Agreement and the Trust Agreement, will be furnished to the Purchaser of the 2022B Obligations with cost. A copy of the legal opinions, certified by the official in whose office the original is filed, will be printed on each Security at the expense of Valley Water.

### ***Continuing Disclosure***

In order to assist the Purchasers in complying with the Rule, Valley Water has committed to undertake, pursuant to Continuing Disclosure Agreements with respect to the 2022A Bonds and the 2022B Obligations, to provide certain annual financial information and notices of the occurrence of certain events, if material. Copies of the undertakings are set forth as appendices to the Preliminary Official Statement and will also be set forth in the final Official Statement. Valley Water will be required to deliver Continuing Disclosure Agreements in substantially the forms and containing substantially the same provisions as set forth in the Preliminary Official Statement, and the failure by Valley Water to deliver such documents in form and substance identical to the forms set forth in the Preliminary Official Statement will relieve the Purchasers of their obligation to purchase their related Securities. See the Preliminary Official Statement under the caption “CONTINUING DISCLOSURE UNDERTAKING” for information with respect to Valley Water’s prior compliance with undertakings pursuant to the Rule.

### ***Closing Documents***

Valley Water will furnish to the Purchasers at the closing of the Securities: (i) a no-litigation certificate certifying that as of and at the time of delivery of the Securities, there is no litigation or administrative proceeding pending or threatened concerning the validity of the Securities, the security of the Securities, the corporate existence of Valley Water or the title of the officers legally responsible for the authorization, execution and delivery of the Securities of their respective offices; (ii) a certificate of authorized officials of Valley Water, stating to the best knowledge, information and belief of such officials, that the Preliminary Official Statement used in connection with the Securities, did not on the date of sale, and the final Official Statement does not on the date of delivery (excluding certain information therein): (a) contain any untrue statement of a material fact; or (b) omit to state a material fact necessary in order to make the statements therein contained, in light of the circumstances under which they were made, not misleading; (iii) to each Purchaser, a receipt of the Trustee showing that the purchase price of the Securities has been received by the Trustee; and (iv) to the Purchaser a certificate of Valley Water stating that on the basis of the facts, estimates and circumstances in existence on the date of delivery, it is not expected that the proceeds of the Securities will be used in a manner that would cause the Securities to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

### ***Right to Modify or Amend***

Valley Water reserves the right to modify or amend this Official Notice of Sale including, but not limited to, the right to adjust and change the amortization schedule of the Securities being offered as described above under the caption “Terms of Sale — Adjustment of Maturity Amounts;” however, such modifications or amendments shall be made not later than 1:00 p.m. (California time) one business day prior to the bid opening and communicated through notice delivered via MuniOS ([www.munios.com](http://www.munios.com)), Refinitiv Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), or by some other method as determined by Valley Water.

### ***Postponement or Cancellation***

Valley Water reserves the right to cancel at any time or postpone, from time to time, the date established for the receipt of bids. Any such cancellation or postponement will be announced by notice delivered via MuniOS ([www.munios.com](http://www.munios.com)), Refinitiv Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), or

by some other method as determined by Valley Water prior to the date and time for receipt of bids. If any date fixed for the receipt of bids is postponed, any alternative sale date will be announced by notice delivered via MuniOS ([www.munios.com](http://www.munios.com)), Refinitiv Municipal Market Monitor ([www.tm3.com](http://www.tm3.com)), or by some other method as deemed by Valley Water at least 24 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit a bid for the purchase of the Securities in conformity in all respects with the provisions of this Official Notice of Sale except for the new date of sale and except for the changes announced at the time the new sale date and times are announced.

***Additional Information***

Copies of the current drafts of the Indenture and of this Official Notice of Sale, the Bid Form and the Preliminary Official Statement and any other pertinent information will be furnished to any potential bidder upon request made to Valley Water's Municipal Advisor at: Public Resources Advisory Group, 11500 West Olympic Blvd., Suite 400, Los Angeles, California 90064, attention: Edmund Soong; phone 310-477-1453; email [esoong@pragadvisors.com](mailto:esoong@pragadvisors.com).

By making a bid for the Securities, a Purchaser agrees (1) to disseminate to all members of the underwriting syndicate copies of the final Official Statement, including any supplements prepared by Valley Water, (2) promptly file a copy of the final Official Statement, including any supplements prepared by Valley Water, with a Nationally Recognized Municipal Securities Information Depository, and (3) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission rules and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Securities to ultimate purchasers.

Dated: November 17, 2022

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Chief Financial Officer

**BID FORM**  
**(Electronic Bids Accepted via PARITY® — see the Official Notice of Sale)**

**[\$[REV-A PAR],000\***  
**SANTA CLARA VALLEY WATER DISTRICT**  
**SAFE CLEAN WATER PROGRAM**  
**REFUNDING REVENUE BONDS, SERIES 2022A**

**[\$[IO-B PAR],000\***  
**SANTA CLARA VALLEY WATER DISTRICT**  
**SAFE CLEAN WATERPROGRAM**  
**REVENUE CERTIFICATES OF PARTICIPATION**  
**(INTERIM OBLGIATIONS), SERIES 2022B**

To: The Santa Clara Valley Water District

We offer to purchase all of the aggregate principal amount of the Santa Clara Valley Water District Safe Clean Water Program Refunding Revenue Bonds, Series 2022A (the “2022A Bonds”), more particularly described in the Official Notice of Sale dated November 17, 2022, which is incorporated herein and made a part hereof, at a purchase price of \$\_\_\_\_\_. This offer is for Securities representing interest at the rates and maturing (or be subject to mandatory sinking fund redemption) as follows.

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\* Preliminary, subject to change.

<i>Series</i>	<i>Maturity</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Yield</i>	<i>Price</i>	<u><i>Serial or Term</i></u>	<i>Term Maturity</i>
						<i>Serial</i> <i>Term</i>	

Our calculation of the true interest cost (“TIC”) which is considered to be informative only and not a part of the bid, is \_\_\_\_\_.

We have noted that payment of the purchase price is to be made in immediately available Federal Reserve Funds at the time of delivery of the Securities.

We represent that we have full and complete authority to submit this bid on behalf of our bidding syndicate and that the undersigned will serve as the lead manager for the group if the Securities are awarded pursuant to this bid.

I certify (or declare) under penalty of perjury under the laws of the State of California that this proposal is genuine, and not a sham or collusive, nor made in the interest of or on behalf of any person not herein named, and that the bidder has not directly or indirectly induced or solicited any other bidder

to put in a sham bid or any other person, firm or corporation to refrain from bidding, and that the bidder has not in any manner sought by collusion to secure for himself an advantage over any other bidder.

Respectfully submitted,

\_\_\_\_\_  
Name of Firm

By: \_\_\_\_\_

Telephone No. \_\_\_\_\_

Syndicate Members: \_\_\_\_\_

(If your bid is delivered electronically, a Syndicate Members list, if applicable, must be provided in writing to Valley Water within 24 hours after the receipt of your bid; if your bid is delivered by telecopy transmission, a Syndicate Members list, if applicable, should be filled in herein)

**EXHIBIT A**

**BIDDER CERTIFICATION**

Under IV. Executive Limitations, Financial Management, Policy No. EL-4, 4.7.7. of the Governance Policy of the Board of Directors of the Santa Clara Valley Water District:

Valley Water shall not do business with banks who do not have an ESG ranking at or better than the “Average/Medium” category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms. Small and local banks/credit unions located within the nine Bay Area counties with total assets at or below \$10 billion are exempt from this provision

Please check 1. or 2. below and 3. and sign below:

1.  The attachment provides proof of our ESG ranking at or better than the “Average/Medium” category by at least one of the professional ESG research companies such as Sustainalytics, or other equivalent rankings published by other ESG research firms.

OR

2.  We are located within the nine Bay Area counties with total assets at or below \$10 billion.

AND

3.  We are eligible for appointments as part of the State of California Treasurer’s 2021-2023 Underwriter Pool (<https://www.treasurer.ca.gov/bonds/pools/underwriter.asp>).

**CERTIFICATION:**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that the foregoing is true and correct. This certification is made under the laws of the State of California.

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_,  
Firm Name

By: \_\_\_\_\_  
Its: Authorized Officer

**EXHIBIT B**

**SANTA CLARA VALLEY WATER DISTRICT  
SAFE CLEAN WATER PROGRAM  
REFUNDING REVENUE BONDS, SERIES 2022A**

**[\$[IO-B PAR],000\*  
SANTA CLARA VALLEY WATER DISTRICT  
SAFE CLEAN WATER PROGRAM  
REVENUE CERTIFICATES OF PARTICIPATION  
(INTERIM OBLIGATIONS), SERIES 2022C**

**CERTIFICATION OF THE PURCHASER**

\_\_\_\_\_ (the “Purchaser”) is making these certifications in connection with the above-captioned obligations described in Schedule A attached hereto (the “Obligations”) and hereby certifies and represents the following, based upon the information available to it; provided, however, that (i) the Purchaser expresses no view regarding the legal sufficiency or the correctness of any legal interpretation made by Stradling Yocca Carlson & Rauth, a Professional Corporation (“Stradling”), (ii) nothing herein represents the interpretation of the Purchaser of any laws, and, in particular, regulations under the Internal Revenue Code of 1986, as amended (the “Code”), and (iii) the Purchaser expresses no view regarding the legal sufficiency of any representations made herein:

[IF 3 BIDS RECEIVED]

**A. Issue Price.**

1. On \_\_\_\_\_, the Purchaser won on a competitive basis the right to reoffer the Obligations.

2. As of the Sale Date, the reasonably expected initial offering prices of the Obligations to the Public by the Purchaser are the prices listed in Schedule A (the “Expected Offering Prices”). The Expected Offering Prices are the prices for the Maturities of the Obligations used by the Purchaser in formulating its bid to purchase the Obligations. The Purchaser has actually offered each of the Maturities of the Obligations at the Expected Offering Prices to the Public. Attached as Schedule B is a true and correct copy of the bid provided by the Purchaser to purchase the Obligations.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm offer to purchase the Obligations.

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\* Preliminary, subject to change.

**B. Defined Terms.**

1. *Issuer* means the Santa Clara Valley Water District.
2. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are treated as separate Maturities.
3. *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.
4. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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).
5. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is [DATE].
6. *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 Obligations 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 Obligations 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 Obligations to the Public).

[IF 3 BIDS NOT RECEIVED]

**A. Initial Offering Price of the Hold-the-Offering-Price Maturities.**

1. The Purchaser 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 Obligations is attached to this certificate as Schedule B.

2. By submission of its bid, the Purchaser has agreed that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, the Purchaser would neither offer nor sell any of the Obligations 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 third-party distribution agreement shall contain the agreement of each broker-dealer who is a party to the third-party 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 Obligations during the Holding Period.

**B. Defined Terms.**

1. *Hold-the-Offering-Price Maturities* means those Maturities of the Obligations where the issue price was established under Treasury Regulations § 1.148-1(f)(2)(ii), as shown in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”

2. *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 the Purchaser 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.

3. *Issuer* is as defined in the attached Tax Certificate.

4. *Maturity* means Obligations with the same credit and payment terms. Obligations with different maturity dates, or Obligations with the same maturity date but different stated interest rates or CUSIP identification numbers, are generally treated as separate maturities for purposes of determining compliance.

5. *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.

6. *Related Party* means any entity if an underwriter and the entity are subject, directly or indirectly, to (i) 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), (ii) 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 (iii) 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).

7. *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Obligations. The Sale Date of the Obligations is \_\_\_\_\_.

8. *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with Purchaser) to participate in the initial sale of the Obligations 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 Obligations 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 Obligations to the Public).

Nothing herein represents our interpretation of any laws or regulations under the Code or the application of any laws to these facts. The undersigned is certifying only as to facts in existence on the date hereof.

All terms not defined herein have the meaning ascribed in the attached Tax Certificate.

Dated: \_\_\_\_\_, 2022

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Representative

[IF 3 BIDS]

**SCHEDULE A**

**EXPECTED OFFERING PRICES**

<i>Maturity Date</i> (____ 1)	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Expected Offering Prices</i>
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[IF 3 BIDS]

**SCHEDULE B**

**COPY OF UNDERWRITER'S BID**

*(Attached)*

[IF 3 BIDS NOT RECEIVED]

**SCHEDULE A**

<i>Date</i>	<i>Principal Amount</i>	<i>Rate</i>	<i>Initial Offering Price</i>	<i>General Rule Maturities</i>	<i>Hold-the-Offering-Price Maturities</i>
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