

**INDENTURE OF TRUST**

**Dated as of January 1, 2024**

**By and between**

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

**and the**

**SANTA CLARA VALLEY WATER DISTRICT**

**Relating to**

**\$124,375,000  
SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BONDS,  
SERIES 2024C**

**And**

**\$82,910,000  
SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BONDS,  
TAXABLE SERIES 2024D**

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## INDENTURE OF TRUST

THIS INDENTURE OF TRUST, made and entered into and dated as of January 1, 2024 (the “Indenture”), by and between SANTA CLARA VALLEY WATER DISTRICT, an agency duly organized and existing under and by virtue of the laws of the State of California (“Valley Water”), and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, duly organized and existing under the laws of the United States of America, as trustee hereunder (the “Trustee”);

### WITNESSETH:

WHEREAS, Valley Water owns and operates the Water Utility System (as defined in the Water Utility Parity System Master Resolution (defined below));

WHEREAS, on November 6, 1984, the voters within Valley Water approved the issuance of revenue bonds by Valley Water as authorized by the Board of Directors from time-to-time, all as provided in Section 25.2(c) of the Santa Clara Valley Water District Act, Chapter 1405 of Statutes of 1951 of the State of California, as amended, including all laws amendatory thereof and supplemental thereto (the “District Act”);

WHEREAS, on February 23, 2016, the Board of Directors of Valley Water adopted Resolution No. 16-10 entitled “A Resolution of the Board of Directors of the Santa Clara Valley Water District Providing for the Allocation of Water Utility System Revenues and Establishing Covenants to Secure the Payment of Obligations Payable from Net Water Utility System Revenues” as amended and supplemented from time-to-time (the “Water Utility Parity System Master Resolution”);

WHEREAS, Valley Water proposes to acquire and/or construct certain equipment and facilities within Valley Water’s Water Utility System and to reimburse itself for costs previously expended to finance certain equipment and facilities within Valley Water’s Water Utility System, as more particularly described in Exhibit B hereto (collectively, the “Project”);

WHEREAS, in order to provide for the authentication and delivery of the 2024 Bonds (as defined herein), to establish and declare the terms and conditions upon which such 2024 Bonds are to be issued and secured and to secure the payment of the principal thereof and interest and premium, if any, thereon, Valley Water has authorized the execution and delivery of this Indenture; and

WHEREAS, Valley Water has determined that all acts and proceedings required by law necessary to make the 2024 Bonds, when executed by Valley Water, authenticated and delivered by the Trustee, and duly issued, the valid, binding and legal special obligations of Valley Water, and to constitute this Indenture a valid and binding agreement for the uses and purposes herein set forth in accordance with its terms, have been done and taken, and the execution and delivery of this Indenture have been in all respects duly authorized;

NOW, THEREFORE, THE INDENTURE WITNESSETH:

### GRANTING CLAUSES

Valley Water, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the mutual covenants herein contained and of the purchase and acceptance of the 2024 Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is

hereby acknowledged, in order to secure the payment of the principal of and the interest and premium (if any) on all 2024 Bonds at any time issued and Outstanding under this Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, does hereby assign and pledge unto, and grant a security interest in, the following (the "Trust Estate") to the Trustee, and its successors in trust and assigns forever, for the securing of the performance of the obligations of Valley Water to the 2024 Bond Owners hereinafter set forth:

#### GRANTING CLAUSE FIRST

All right, title and interest of Valley Water in and to the Water Utility System Revenues (as defined in the Water Utility Parity System Master Resolution), including, but without limiting the generality of the foregoing, the present and continuing right to make claim for, collect, receive and receipt for any Water Utility System Revenues payable to or receivable by Valley Water under the Constitution of the State, the Government Code of the State of California, the Water Utility Parity System Master Resolution and this Indenture and any other applicable laws of the State or otherwise, to bring actions and proceedings thereunder for the enforcement thereof, and to do any and all things which Valley Water is or may become entitled to do thereunder, subject to the terms hereof and of the Water Utility Parity System Master Resolution.

#### GRANTING CLAUSE SECOND

All moneys and securities held in funds and accounts of this Indenture and of the Water Utility Parity System Master Resolution, except amounts held in the Rebate Fund, and all other rights of every name and nature from time to time herein or therein or hereafter by delivery or by writing of any kind pledged, assigned or transferred as and for additional security hereunder or thereunder to the Trustee by Valley Water or by anyone on its behalf, or with its written consent, and to hold and apply the same, subject to the terms hereof and of the Water Utility Parity System Master Resolution.

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors in trust and assigns forever for the benefit of the Owners and such pledge shall constitute a lien on and security interest in such Trust Estate;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future Owners of the 2024 Bonds issued under this Indenture and the Water Utility Parity System Master Resolution shall be equally secured by a pledge, charge, and lien upon the revenues of the Water Utility System and all other funds specified in this Indenture and the Water Utility Parity System Master Resolution, without priority for number, date of bonds, of sale, of execution, or of delivery of any of the 2024 Bonds over any of the other 2024 Bonds;

PROVIDED, HOWEVER, that if Valley Water, its successors or assigns shall well and truly pay, or cause to be paid, the principal of and interest and any redemption premium on the 2024 Bonds due or to become due thereon, at the times and in the manner provided in the 2024 Bonds according to the true intent and meaning thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due in accordance with the terms and provisions hereof, then upon such final payments or deposits as

herein provided, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture shall remain in full force and effect.

THE INDENTURE FURTHER WITNESSETH, and it is expressly declared, that all 2024 Bonds issued and secured hereunder are to be issued, authenticated and delivered, and all sold property, rights and interests, including, without limitation, the Water Utility System Revenues, hereby assigned and pledged under the Water Utility Parity System Master Resolution, are to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and Valley Water has agreed and covenanted and does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2024 Bonds, as follows:

## ARTICLE I

### DEFINITIONS; CONTENT OF CERTIFICATES AND OPINIONS

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section 1.01 and in the Water Utility Parity System Master Resolution, shall for all purposes of this Indenture and of any indenture supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, or as specified in the Water Utility Parity System Master Resolution, in each case to be equally applicable to both the singular and plural forms of any of the terms defined.

Applicable Spread. The term “Applicable Spread” means, (i) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_\_\_ basis points; (ii) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_\_\_ basis points; (iii) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_\_\_ basis points; (iv) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_\_\_ basis points; and (v) with respect to the 2024D Bonds maturing on June 1, 20\_\_, \_\_\_\_ basis points.

Authorized Representative. The term “Authorized Representative” means the Chief Executive Officer of Valley Water, any acting or interim Chief Executive Officer or, if there is no officer such designated as the Chief Executive Officer, the highest ranking officer of Valley Water (excluding members of the Board of Directors of Valley Water), the Assistant Chief Executive Officer, the Chief Financial Officer, or the Treasury and Debt Officer.

Bond Counsel. The term “Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or another firm of nationally recognized attorneys experienced in the issuance of obligations the interest on which is excludable from gross income under Section 103 of the Code.

Bond Year. The term “Bond Year” will have the meaning set forth in the Tax Certificate.

Business Day. The term “Business Day” shall mean any day other than a Saturday, Sunday or legal holiday or a day on which banking institutions are authorized or required by law to be closed in the State of New York, or in the State of California for commercial banking purposes.



Certificate; Direction; Request; Requisition. The terms “Certificate,” “Direction,” “Request,” and “Requisition” of Valley Water mean a written certificate, direction, request or requisition signed in the name of Valley Water by its Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Closing Date. The term “Closing Date” means the date on which the 2024 Bonds are delivered to the original purchaser thereof.

Code. The term “Code” means the Internal Revenue Code of 1986, as amended.

Comparable Treasury Issue. The term “Comparable Treasury Issue” means, with respect to any applicable optional Redemption Date for a particular Series 2024D Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the particular Series 2024D Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the particular Series 2024D Bond to be redeemed.

Comparable Treasury Price. The term “Comparable Treasury Price” means, with respect to any applicable optional Redemption Date for a particular Series 2024D Bond, the average of four Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

Continuing Disclosure Agreement. The term “Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated the Closing Date, by and between Valley Water and U.S. Bank Trust Company, National Association, as dissemination agent, relating to the 2024 Bonds, as originally executed and as it may from time to time be amended or supplemented in accordance therewith.

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

Costs of Issuance. The term “Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to Valley Water and related to the authorization, issuance, sale and delivery of the 2024 Bonds, including but not limited to costs of preparation and reproduction of documents, printing expenses, filing and recording fees, initial fees and charges of the Trustee and counsel to the Trustee, legal fees and charges, fees and disbursements of consultants and professionals, Rating Agency fees, title insurance premiums, letter of credit fees and bond insurance premiums (if any), fees and charges for preparation, execution and safekeeping of the 2024 Bonds and any other cost, charge or fee in connection with the original issuance of the 2024 Bonds.

Costs of Issuance Fund. The term “Costs of Issuance Fund” means the fund by that name established pursuant to Section 3.03.

Defeasance Securities. The term “Defeasance Securities” means: (1) Federal Securities, (2) evidences of ownership of proportionate interests in future interest and principal payments on Federal Securities held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Federal Securities are not available to any person claiming through the custodian or to whom the custodian may be obligated, or (3) pre-refunded municipal obligations rated not lower than the rating on securities described in clause (1) above.

Depository; DTC. The term “Depository” or “DTC” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York in its capacity as Securities Depository for the 2024 Bonds.

Designated Investment Banker. The term “Designated Investment Banker” means one of the Reference Treasury Dealers appointed by Valley Water.

District Act. The term “District Act” has the meaning set forth in the second “WHEREAS” clause above.

Event of Default. The term “Event of Default” means any of the events specified in Section 7.01.

Federal Securities. The term “Federal Securities” means any direct, noncallable general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), or noncallable obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by the United States of America.

Fitch. The term “Fitch” means Fitch Ratings, Inc., or any successor thereto.

Indenture. The term “Indenture” means this Indenture of Trust, dated as of January 1, 2024, by and between Valley Water and the Trustee, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture.

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

Information Services. The term “Information Services” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access system; or, in accordance with then-current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as Valley Water may specify in a certificate to the Trustee or as the Trustee may select.

Interest Account. The term “Interest Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

Interest Payment Date. The term “Interest Payment Date” means December 1, 2024 and semi-annually on each June 1 and December 1 thereafter.

Investment Agreement. The term “Investment Agreement” means an investment agreement supported by appropriate opinions of counsel; provided the provider thereof or the guarantor thereof is rated, at the time of execution, equal to at least the Minimum Rating by two of three Rating Agencies.

Issuing and Paying Agent Agreement. The term “Issuing and Paying Agent Agreement” means the Restated Issuing and Paying Agent Agreement, dated as of April 1, 2022, by and among Valley Water, the Corporation and U.S. Bank Trust Company, National Association as amended to the date hereof and as amended and supplemented from time-to-time in accordance therewith.

Issuing and Paying Agent. The term “Issuing and Paying Agent” means U.S. Bank Trust Company, National Association as Issuing and Paying Agent under the Restated Issuing and Paying Agent Agreement, or its successor Issuing and Paying Agent thereunder as provided therein.

Law. The term “Law” means the Revenue Bond Law of 1941, being Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code, as amended from time to time.

Letter of Representations. The term “Letter of Representations” means the letter of Valley Water delivered to and accepted by the Depository on or prior to delivery of the 2024 Bonds as book entry bonds setting forth the basis on which the Depository serves as depository for such book entry bonds, as originally executed or as it may be supplemented or revised or replaced by a letter from Valley Water delivered to and accepted by the Depository.

Manager. The term “Manager” means the Chief Executive Officer of Valley Water (or any acting or interim officer holding such position) or, if there is no officer designated as the Chief Executive Officer, the highest ranking officer of Valley Water (excluding members of the Board of Directors of Valley Water), the Assistant Chief Executive Officer, Operations, the Chief Financial Officer or the Treasury and Debt Officer.

Minimum Rating. The term “Minimum Rating” means “A+”, “A1,” or “A+” by S&P, Moody’s or Fitch, respectively.

Moody’s. The term “Moody’s” means Moody’s Investors Service, Inc., or any successor thereto.

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

Nominee. The term “Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to Section 2.08 hereof.

Office of the Trustee. The term “Office of the Trustee” means the principal corporate trust office of the Trustee in San Francisco, California, provided that for purposes of payment, redemption, exchange, transfer, surrender and cancellation of 2024 Bonds, such term means the principal corporate trust office of the Trustee in St. Paul, Minnesota, or such other office as the Trustee may from time to time designate in writing to Valley Water and the Owners.

Opinion of Counsel. The term “Opinion of Counsel” means a written opinion of counsel (including but not limited to counsel to Valley Water) selected by Valley Water. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding. The term “Outstanding,” when used as of any particular time with reference to 2024 Bonds, means (subject to the provisions of Section 11.09) all 2024 Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (i) 2024 Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (ii) 2024 Bonds with respect to which all liability of Valley Water shall have been discharged in accordance with Section 10.02, including 2024 Bonds (or portions thereof) described in Section 11.09; and (iii) 2024 Bonds for the transfer or exchange of or in lieu of or in substitution for which other 2024 Bonds shall have been authenticated and delivered by the Trustee pursuant to this Indenture.

Owner; 2024 Bond Owner. The term “Owner” or “2024 Bond Owner,” whenever used herein with respect to a 2024 Bond, means the person in whose name the ownership of such 2024 Bond is registered on the Registration Books.

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

Payment Fund. The term “Payment Fund” means the fund by that name established pursuant to Section 5.02.

Permitted Investments. The term “Permitted Investments” means any of the following, if and to the extent permitted by law and by any policy guidelines promulgated by Valley Water.

The following obligations may be used as Permitted Investments for all purposes, including defeasance investments in refunding escrow agreements.

- (a) Cash insured at all times by the Federal Deposit Insurance Corporation; and
- (b) Obligations of, or obligations guaranteed as to principal and interest by, the U.S. or any agency or instrumentality thereof, when such obligations are backed by the full faith and credit of the U.S. including: U.S. treasury obligations; all direct or fully guaranteed obligations; Farmers Home Administration; General Services Administration; Guaranteed Title XI financing; Government National Mortgage Association (GNMA); and State and Local Government Series.

Any security used for defeasance must provide for the timely payment of principal and interest and cannot be callable or prepayable prior to maturity or earlier redemption of the rated debt (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date).

The following obligations may be used as Permitted Investments for all purposes other than defeasance investments in refunding escrow accounts.

- (c) Obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including: Export-Import Bank;

Rural Economic Community Development Administration; Federal Farm Credit Bureau; U.S. Maritime Administration; Small Business Administration; U.S. Department of Housing & Urban Development (PHAs); and Federal Housing Administration and Federal Financing Bank;

- (d) Direct obligations of any of the following federal agencies which obligations are not fully guaranteed by the full faith and credit of the United States of America: senior debt obligations issued by the Federal National Mortgage Association (FNMA) or Federal Home Loan Mortgage Corporation (FHLMC); obligations of the Resolution Funding Corporation (REFCORP); senior debt obligations of the Federal Home Loan Bank System; and senior debt obligations of other Government Sponsored Agencies;
- (e) U.S. dollar denominated deposit accounts, federal funds and bankers' acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of "P-1" by Moody's, "A-1" by S&P and "F1" by Fitch and maturing not more than 360 calendar days after the date of purchase. (Ratings on holding companies are not considered as the rating of the bank);
- (f) Commercial paper which is rated at the time of purchase in the single highest classification, "P-1" by Moody's, "A-1" by S&P or "F1" by Fitch and which matures not more than 270 calendar days after the date of purchase;
- (g) Investments in a money market fund that has attained the highest ranking or the highest letter and numerical rating provided by not less than two Rating Agencies;
- (h) Pre-refunded Municipal Obligations defined as follows: any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice:
  - (1) which are rated, based on an irrevocable escrow account or fund (the "escrow"), at equivalent ratings as Federal Securities rated by Moody's, S&P or Fitch, or any successors thereto; or
  - (2) (i) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in paragraph (b) above, which escrow may be applied only to the payment of such principal and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate; and (ii) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;
- (i) The following municipal obligations: (1) revenue obligations of states or any department, board, agency or authority thereof rated "A1" or better by Moody's,

“A+” or better by S&P or “A+” or better by Fitch; (2) general obligations of states rated “A3” or better by Moody’s, “A-” or better by S&P or “A-” or better by Fitch; (3) adjustable rate revenue obligations of states or any department, board, agency or authority thereof rated “P-1” or better by Moody’s, “A-1+” or better by S&P or “F-1+” or better by Fitch; (4) fixed rate revenue obligations of any political subdivision of the State or entity owned, operated or controlled by such a political subdivision rated “A1” or better by Moody’s, “A+” or better by S&P or “A+” or better by Fitch; or (5) adjustable rate revenue obligations of any political subdivision of the State or entity owned, operated or controlled by such a political subdivision rated “P-1” or better by Moody’s, “A-1+” or better by S&P or “F-1+” by Fitch;

- (j) Investment Agreements;
- (k) the Local Agency Investment Fund of the State, created pursuant to Section 16429.1 of the California Government Code, to the extent that the Trustee is authorized to register such investment in its name;
- (l) Local Government Investment Pools (LGIP). Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code § 6509.7. To be eligible for purchase, the pool must meet the requirements of Government Code § 53601(p);
- (m) Certificates of deposit insured by the Federal Deposit Insurance Corporation or collateralized pursuant to California Government Code Section 53652; and
- (n) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank. Investments under this subdivision shall be rated “AA” or better by S&P and Fitch or “Aa2” or better by Moody’s.

The value of the above investments shall be determined as provide in the definition of “Value.”

Principal Account. The term “Principal Account” means the account by that name in the Payment Fund established pursuant to Section 5.02.

Project. The term “Project” means those certain facilities and equipment described in Exhibit B hereto, as modified in accordance with Section 3.04(c).

Rating. The term “Rating” means any currently effective rating on the 2024 Bonds issued by a Rating Agency.

Rating Agency; Rating Agencies. The term “Rating Agency” means any of S&P, Fitch or Moody’s. The term “Rating Agencies” means collectively, S&P, Fitch and Moody’s.

Rebate Fund. The term “Rebate Fund” means the fund by that name established for the Series 2024C Bonds pursuant to Section 5.07.

Record Date. The term “Record Date” means, with respect to any Interest Payment Date, the fifteenth (15th) day of the calendar month preceding such Interest Payment Date, whether or not such day is a Business Day.

Redemption Date. The term “Redemption Date” means the date fixed for redemption prior to maturity of the 2024 Bonds.

Redemption Fund. The term “Redemption Fund” means the fund by that name established pursuant to Section 5.05.

Redemption Price. The term “Redemption Price” means, with respect to any 2024 Bond (or portion thereof), the principal amount of such 2024 Bond (or portion) plus the interest accrued to the applicable Redemption Date and the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such 2024 Bond and this Indenture.

Reference Treasury Dealer. The term “Reference Treasury Dealer” means a primary dealer of United States Government securities in the United States appointed by Valley Water.

Reference Treasury Dealer Quotations. The term “Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any applicable optional Redemption Date for a particular Series 2024D Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time at least three Business Days but no more than 30 Business Days preceding such Redemption Date.

Registration Books. The term “Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the 2024 Bonds pursuant to Section 2.05.

Responsible Officer of the Trustee. The term “Responsible Officer of the Trustee” means any officer within the corporate trust division (or any successor group or department of the Trustee) including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, with responsibility for the administration of this Indenture.

S&P. The term “S&P” means S&P Global Ratings, a S&P Global Inc. business, or any successor thereto.

Securities Depositories. The term “Securities Depositories” means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as Valley Water may designate in a Written Request of Valley Water deliver to the Trustee.

Series 2024C Bonds. The term “Series 2024C Bonds” means the Santa Clara Valley Water District Water System Revenue Bonds, Series 2024C issued pursuant to the Water Utility Parity System Master Resolution and this Indenture.

Series 2024C Acquisition and Construction Fund. The term “Series 2024C Acquisition and Construction Fund” means the fund by that name established for the Series 2024C Bonds pursuant to Section 3.04.

Series 2024D Bonds. The term “Series 2024D Bonds” means the Santa Clara Valley Water District Water System Revenue Bonds, Taxable Series 2024D issued pursuant to the Water Utility Parity System Master Resolution and this Indenture.

Series 2024D Acquisition and Construction Fund. The term “Series 2024D Acquisition and Construction Fund” means the fund by that name established for the Series 2024D Bonds pursuant to Section 3.04.

State. The term “State” means the State of California.

Supplemental Indenture. The term “Supplemental Indenture” means any indenture hereafter duly authorized and entered into between Valley Water and the Trustee, supplementing, modifying or amending this Indenture; but only if and to the extent that such Supplemental Indenture is specifically authorized hereunder.

Tax Certificate. The term “Tax Certificate” means the Tax Certificate dated the Closing Date, concerning certain matters pertaining to the use and investment of proceeds of the Series 2024C Bonds, executed and delivered by Valley Water on the date of issuance of the Series 2024C Bonds, including any and all exhibits attached thereto.

Treasury Rate. The term “Treasury Rate” means, with respect to any applicable optional Redemption Date for a particular Series 2024D Bond, the yield derived from the most recently published release designated “H.15 Selected Interest Rates” by the Board of Governors of the Federal Reserve System or any publicly available source of similar market data selected by the Designated Investment Banker. The Treasury Rate will be determined at least two Business Days but no more than 60 calendar days preceding the Redemption Date and will be calculated by interpolation on a straight-line basis, between the yields on the United States Treasury securities that have a constant maturity (a) closest to and less than the maturity date of the Series 2024D Bond being redeemed and (b) closest to and more than the maturity date of the Series 2024D Bond being redeemed; however, if the period from the Redemption Date to such maturity date is less than one year, the yield to maturity of the United States Treasury security with a constant maturity of one year. The Treasury Rate will be rounded to the nearest 1/100th of 1%.

If, and only if, for more than five consecutive previous Business Days, H.15 Selected Interest Rates or any successor publication, are not available, then the Treasury Rate will be the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the Redemption Date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

Trustee. The term “Trustee” means U.S. Bank Trust Company, National Association, a national banking association having a corporate trust office in San Francisco, California, duly organized and existing under the laws of the United States of America, or its successor as Trustee hereunder as provided in Section 8.01.



2024 Bonds. The term “2024 Bonds” means the Series 2024C Bonds and the Series 2024D Bonds issued pursuant to this Indenture.

Valley Water. The term “Valley Water” means Santa Clara Valley Water District, an agency duly organized and existing under and by virtue of the laws of the State of California, including but not limited to the District Act.

Value. The term “Value,” which shall be determined as of the end of each month, means that the value of any investments, which shall be the face amount thereof, plus accrued interest.

Water Utility Parity System Master Resolution. The term “Water Utility Parity System Master Resolution” has the meaning set forth in the third “WHEREAS” clause above.

Written Consent of Valley Water; Written Order of Valley Water; Written Request of Valley Water; Written Requisition of Valley Water. The terms “Written Consent of Valley Water,” “Written Order of Valley Water,” “Written Request of Valley Water,” and “Written Requisition of Valley Water” mean, respectively, a written consent, order, request or requisition signed by or on behalf of Valley Water by the Chair of its Board of Directors or its Manager or by the Clerk of its Board of Directors or by any other person (whether or not officers of the Board of Directors of Valley Water) who is specifically authorized by resolution of Valley Water to sign or execute such a document on its behalf.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture except the certificate of destruction provided for in Section 11.05 hereof, with respect to compliance with any provision hereof shall include: (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person he has made or caused to be made such examination or investigation as is necessary to enable him to express an informed opinion with respect to the subject matter referred to in the instrument to which his signature is affixed; (4) a statement of the assumptions upon which such certificate or opinion is based, and that such assumptions are reasonable; and (5) a statement as to whether, in the opinion of such person, such provision has been complied with.

Section 1.03. Interpretation.

(a) Unless the context otherwise indicates, words expressed in the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

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

## ARTICLE II

### THE 2024 BONDS

Section 2.01. Authorization of 2024 Bonds. Valley Water hereby authorizes the issuance hereunder from time to time of the Series 2024C Bonds and Series 2024D Bonds pursuant to the District Act and the Law. The Series 2024C Bonds and Series 2024D Bonds shall constitute special obligations of Valley Water issued for the purpose of paying (i) the cost of the Project and (ii) the Costs of Issuance.

The Series 2024C Bonds are hereby designated the “Santa Clara Valley Water District Water System Revenue Bonds, Series 2024C” in the aggregate principal amount of \$124,375,000. The Series 2024D Bonds are hereby designated the “Santa Clara Valley Water District Water System Revenue Bonds, Taxable Series 2024D” in the aggregate principal amount of \$82,910,000. This Indenture constitutes a continuing agreement with the Owners from time to time of the 2024 Bonds to secure the full payment of the principal of and interest and premium (if any) on all the 2024 Bonds, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of the 2024 Bonds. The 2024 Bonds shall be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

(a) The Series 2024C Bonds shall mature on June 1 in each of the years and in the amounts set forth below and shall bear interest at the rates set forth below; provided that such schedule may be revised to reflect one or more term bonds subject to mandatory sinking fund redemption in accordance with Section 4.01 hereof and provided further that an Authorized Representative may decrease but not increase the amounts and rates set forth below:

<i><b>Maturity Date (June 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>
2026	\$2,120,000	7.00%
2027	2,285,000	7.00
2028	2,465,000	7.00
2029	2,655,000	7.00
2030	2,865,000	7.00
2031	3,085,000	7.00
2032	3,330,000	7.00
2033	3,585,000	7.00
2034	3,870,000	7.00
2035	4,170,000	7.00
2036	4,495,000	7.00
2037	4,840,000	7.00
2038	5,220,000	7.00
2039	5,705,000	7.00
2040	6,145,000	7.00
2041	6,625,000	7.00
2042	7,145,000	7.00
2043	7,700,000	7.00
2044	8,300,000	7.00
2045	8,945,000	7.00

<i><b>Maturity Date (June 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>
2046	9,645,000	7.00
2047	10,285,000	7.00
2048	8,895,000	7.00

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\* Term Bond.

(b) The Series 2024D Bonds shall mature on June 1 in each of the years and in the amounts set forth below and shall bear interest at the rates set forth below; provided that such schedule may be revised to reflect one or more term bonds subject to mandatory sinking fund redemption in accordance with Section 4.01 hereof and provided further that an Authorized Representative may decrease but not increase the amounts and rates set forth below:

<i><b>Maturity Date (June 1)</b></i>	<i><b>Principal Amount</b></i>	<i><b>Interest Rate</b></i>
2026	\$1,435,000	9.00%
2027	1,545,000	9.00
2028	1,665,000	9.00
2029	1,800,000	9.00
2030	1,935,000	9.00
2031	2,090,000	9.00
2032	2,250,000	9.00
2033	2,430,000	9.00
2034	2,615,000	9.00
2035	2,820,000	9.00
2036	3,040,000	9.00
2037	3,285,000	9.00
2038	3,540,000	9.00
2039	3,740,000	9.00
2040	4,035,000	9.00
2041	4,350,000	9.00
2042	4,685,000	9.00
2043	5,050,000	9.00
2044	5,445,000	9.00
2045	5,870,000	9.00
2046	6,325,000	9.00
2047	6,930,000	9.00
2048	6,030,000	9.00

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\* Term Bond.

(c) Interest on the 2024 Bonds shall be payable on each Interest Payment Date to the person whose name appears on the Registration Books as the Owner thereof as of the Record Date immediately preceding each such Interest Payment Date, such interest to be paid by check of the Trustee sent by first class mail on the applicable Interest Payment Date to the Owner at the address of such Owner as it appears on the Registration Books (except that in the case of an Owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such Owner's

option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such Owner prior to the Record Date). Principal of and premium (if any) on any 2024 Bond shall be paid by check of the Trustee upon presentation and surrender thereof at maturity or upon the prior redemption thereof, at the Office of the Trustee. Both the principal of and interest and premium (if any) on the 2024 Bonds shall be payable in lawful money of the United States of America.

Each 2024 Bond shall be dated the date of initial delivery, and shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless: (a) it is authenticated after a Record Date and on or before the following Interest Payment Date, in which event it shall bear interest from such Interest Payment Date; or (b) unless it is authenticated on or before November 15, 2024 in which event it shall bear interest from the date of initial delivery; provided, however, that if, as of the date of authentication of any 2024 Bond, interest thereon is in default, such 2024 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the 2024 Bonds shall be calculated on the basis of a 360 day year composed of twelve 30 day months.

Section 2.03. Transfer of 2024 Bonds. Any 2024 Bond may, in accordance with its terms, be transferred on the Registration Books by the person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such 2024 Bond at the Office of the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. The Trustee shall not be required to register the transfer of any 2024 Bond during the period in which the Trustee is selecting 2024 Bonds for redemption and any 2024 Bond that has been selected for redemption.

Whenever any 2024 Bond or 2024 Bonds shall be surrendered for transfer, Valley Water shall execute and the Trustee shall authenticate and shall deliver a new 2024 Bond or 2024 Bonds of authorized denomination or denominations for a like series and aggregate principal amount of the same maturity. The Trustee shall require the 2024 Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. Following any transfer of 2024 Bonds, the Trustee will cancel and destroy the 2024 Bonds it has received.

Section 2.04. Exchange of 2024 Bonds. 2024 Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of other authorized denominations of the same series and maturity. The Trustee shall not be required to exchange any 2024 Bond during the period in which the Trustee is selecting 2024 Bonds for redemption and any 2024 Bond that has been selected for redemption. The Trustee shall require the 2024 Bond Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Following any exchange of 2024 Bonds, the Trustee will cancel and destroy the 2024 Bonds it has received.

Section 2.05. Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the 2024 Bonds, which shall upon reasonable notice and at reasonable times be open to inspection during regular business hours by Valley Water and the Owners; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the 2024 Bonds as hereinbefore provided.

The person in whose name any 2024 Bond shall be registered shall be deemed the Owner thereof for all purposes hereof, and payment of or on account of the interest on and principal and Redemption Price of by such 2024 Bonds shall be made only to or upon the order in writing of such registered Owner, which payments shall be valid and effectual to satisfy and discharge liability upon such 2024 Bond to the extent of the sum or sums so paid.

Section 2.06. Form and Execution of 2024 Bonds. The 2024 Bonds shall be in substantially the form set forth in Exhibit A hereto. The 2024 Bonds shall be executed in the name and on behalf of Valley Water with the manual or facsimile signature of its Chair of the Board of Directors. The 2024 Bonds may carry a seal, and such seal may be in the form of a facsimile of Valley Water's seal and may be reproduced, imprinted or impressed on the 2024 Bonds. The 2024 Bonds shall then be delivered to the Trustee for authentication by it. 2024 Bonds bearing the signature of officers of Valley Water in office on the date of the signing are valid, notwithstanding that before delivery the persons signing have ceased to be officers, and such 2024 Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon Valley Water, and also any 2024 Bonds may be signed on behalf of Valley Water by such persons as at the actual date of execution of such 2024 Bonds shall be the proper officers of Valley Water although at the nominal date of such 2024 Bonds any such person shall not have been such officer of Valley Water.

Only such of the 2024 Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of or on behalf of the Trustee shall be conclusive evidence that the 2024 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.07. 2024 Bonds Mutilated, Lost, Destroyed or Stolen. If any 2024 Bond shall become mutilated, Valley Water, at the expense of the Owner of said 2024 Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2024 Bond of like tenor, series and authorized denomination in exchange and substitution for the 2024 Bonds so mutilated, but only upon surrender to the Trustee of the 2024 Bond so mutilated. Every mutilated 2024 Bond so surrendered to the Trustee shall be canceled by it. If any 2024 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence be satisfactory to the Trustee and indemnity satisfactory to the Trustee shall be given, Valley Water, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new 2024 Bond of like tenor, series and authorized denomination in lieu of and in substitution for the 2024 Bond so lost, destroyed or stolen (or if any such 2024 Bond shall have matured or shall be about to mature, instead of issuing a substitute 2024 Bond, the Trustee may pay the same without surrender thereof). Valley Water may require payment by the Owner of a sum not exceeding the actual cost of preparing each new 2024 Bond issued under this Section and of the expenses which may be incurred by Valley Water and the Trustee in connection therewith. Any 2024 Bond issued under the provisions of this Section in lieu of any 2024 Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of Valley Water whether or not the 2024 Bond so alleged to be lost, destroyed, or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Indenture with all other 2024 Bonds secured by this Indenture. Notwithstanding any other provision of this Section, in lieu of delivering a new 2024 Bond for a 2024 Bond which has been mutilated, lost, destroyed or stolen and

which has matured or has been selected for redemption, the Trustee may make payment of such 2024 Bond upon receipt of indemnity satisfactory to the Trustee.

Section 2.08. Book Entry System.

(a) Election of Book Entry System. Prior to the issuance of the 2024 Bonds, Valley Water may provide that such 2024 Bonds shall be initially issued as book entry 2024 Bonds. If Valley Water shall elect to deliver any 2024 Bonds in book entry form, then Valley Water shall cause the delivery of a separate single fully registered bond (which may be typewritten) for each maturity date of such 2024 Bonds in an authorized denomination corresponding to that total principal amount of the 2024 Bonds designated to mature on such date. Upon initial issuance, the ownership of each such 2024 Bond shall be registered in the 2024 Bond Registration Books in the name of the Nominee, as nominee of the Depository, and ownership of the 2024 Bonds, or any portion thereof may not thereafter be transferred except as provided in Section 2.08(e).

With respect to book entry 2024 Bonds, Valley Water and the Trustee shall have no responsibility or obligation to any Participant or to any person on behalf of which such a Participant holds an interest in such book entry 2024 Bonds. Without limiting the immediately preceding sentence, Valley Water and the Trustee shall have no responsibility or obligation with respect to: (i) the accuracy of the records of the Depository, the Nominee, or any Participant with respect to any ownership interest in book entry 2024 Bonds; (ii) the delivery to any Participant or any other person, other than an Owner as shown in the 2024 Bond Registration Books, of any notice with respect to book entry 2024 Bonds, including any notice of redemption; (iii) the selection by the Depository and its Participants of the beneficial interests in book entry 2024 Bonds to be redeemed in the event Valley Water redeems the 2024 Bonds in part; or (iv) the payment by the Depository or any Participant or any other person, of any amount of principal of, premium, if any, or interest on book entry 2024 Bonds. Valley Water and the Trustee may treat and consider the person in whose name each book entry 2024 Bond is registered in the 2024 Bond Registration Books as the absolute Owner of such book entry 2024 Bond for the purpose of payment of principal of, premium and interest on such 2024 Bond, for the purpose of giving notices of redemption and other matters with respect to such 2024 Bond, for the purpose of registering transfers with respect to such 2024 Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of, premium, if any, and interest on the 2024 Bonds only to or upon the order of the respective Owner, as shown in the 2024 Bond Registration Books, or his respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge Valley Water's obligations with respect to payment of principal of, premium, if any, and interest on the 2024 Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the 2024 Bond Registration Books, shall receive a 2024 Bond evidencing the obligation to make payments of principal of, premium, if any, and interest on the 2024 Bonds. Upon delivery by the Depository to Valley Water and the Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions herein with respect to Record Dates, the word Nominee in this Indenture shall refer to such nominee of the Depository.

(b) Delivery of Letter of Representations. In order to qualify the book entry 2024 Bonds for the Depository's book entry system, Valley Water shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon Valley Water or the Trustee any obligation whatsoever with respect to persons having interests in such book entry 2024 Bonds other than the Owners, as shown on the 2024 Bond Registration Books. By executing a Letter of Representations, Valley Water shall

agree to take all action necessary at all times so that Valley Water will be in compliance with all representations of Valley Water in such Letter of Representations. In addition to the execution and delivery of a Letter of Representations, Valley Water and the Trustee shall take such other actions, not inconsistent with this Indenture, as are reasonably necessary to qualify book entry 2024 Bonds for the Depository's book entry program.

(c) Selection of Depository. In the event that: (i) the Depository determines not to continue to act as Securities Depository for book entry 2024 Bonds; or (ii) Valley Water determines that continuation of the book entry system is not in the best interest of the beneficial owners of the 2024 Bonds or Valley Water, then Valley Water will discontinue the book entry system with the Depository. If Valley Water determines to replace the Depository with another qualified Securities Depository, Valley Water shall prepare or direct the preparation of a new single, separate, fully registered 2024 Bond for each of the maturity dates of such book entry 2024 Bonds, registered in the name of such successor or substitute qualified Securities Depository or its Nominee as provided in subsection (e) hereof. If Valley Water fails to identify another qualified Securities Depository to replace the Depository, then the 2024 Bonds shall no longer be restricted to being registered in such 2024 Bond Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such 2024 Bonds shall designate, in accordance with the provisions of Sections 2.03 and 2.04 hereof.

(d) Payments To Depository. Notwithstanding any other provision of this Indenture to the contrary, so long as all Outstanding 2024 Bonds are held in book entry form and registered in the name of the Nominee, all payments of principal of, redemption premium, if any, and interest on such 2024 Bond and all notices with respect to such 2024 Bond shall be made and given, respectively to the Nominee, as provided in the Letter of Representations or as otherwise instructed by the Depository and agreed to by the Trustee notwithstanding any inconsistent provisions herein.

(e) Transfer of 2024 Bonds to Substitute Depository.

(i) The 2024 Bonds shall be initially issued as provided in Section 2.01 hereof. Registered ownership of such 2024 Bonds, or any portions thereof, may not thereafter be transferred except:

(A) to any successor of DTC or its nominee, or of any substitute depository designated pursuant to clause (B) of subsection (i) of this Section 2.08(e) ("Substitute Depository"); provided that any successor of DTC or Substitute Depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

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

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

(ii) In the case of any transfer pursuant to clause (A) or clause (B) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2024 Bonds by the Trustee, together with a Written Request of Valley Water to the Trustee designating the Substitute Depository, a single new 2024 Bond, which Valley Water shall prepare or cause to be prepared, shall be issued for each maturity of 2024 Bonds then Outstanding, registered in the name of such successor or such Substitute Depository or their Nominees, as the case may be, all as specified in such Written Request of Valley Water. In the case of any transfer pursuant to clause (C) of subsection (i) of this Section 2.08(e), upon receipt of all Outstanding 2024 Bonds by the Trustee, together with a Written Request of Valley Water to the Trustee, new 2024 Bonds, which Valley Water shall prepare or cause to be prepared, shall be issued in such denominations and registered in the names of such persons as are requested in such Written Request of Valley Water, subject to the limitations of Section 2.01 hereof, provided that the Trustee shall not be required to deliver such new 2024 Bonds within a period of less than sixty (60) days from the date of receipt of such Written Request of Valley Water.

(iii) In the case of a partial redemption or an advance refunding of any 2024 Bonds evidencing a portion of the principal maturing in a particular year, DTC or its successor (or any Substitute Depository or its successor) shall make an appropriate notation on such 2024 Bonds indicating the date and amounts of such reduction in principal, in form acceptable to the Trustee, all in accordance with the Letter of Representations. The Trustee shall not be liable for such Depository's failure to make such notations or errors in making such notations and the records of the Trustee as to the Outstanding principal amount of such 2024 Bonds shall be controlling.

(iv) Valley Water and the Trustee shall be entitled to treat the person in whose name any 2024 Bond is registered as the Owner thereof for all purposes of this Indenture and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or Valley Water; and Valley Water and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with any beneficial owners of the 2024 Bonds. Neither Valley Water nor the Trustee shall have any responsibility or obligation, legal or otherwise, to any such beneficial owners or to any other party, including DTC or its successor (or Substitute Depository or its successor), except to the Owner of any 2024 Bonds, and the Trustee may rely conclusively on its records as to the identity of the Owners of the 2024 Bonds.

### ARTICLE III

#### ISSUANCE OF 2024 BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance of the 2024 Bonds. At any time after the execution of this Indenture, Valley Water may execute and the Trustee shall authenticate and, upon Written Request of Valley Water, deliver the 2024 Bonds in the aggregate principal amounts set forth in Section 2.01 hereof.

Section 3.02. Application of Proceeds of the 2024 Bonds. The proceeds received from the sale of the 2024 Bonds shall be deposited with the Trustee, who shall (a) transfer \$123,562,637.26 of the proceeds of the Series 2024C Bonds to the Series 2024C Acquisition and Construction Fund; (b) transfer \$82,375,091.51 of the proceeds of the 2024D Bonds to the Series 2024D Acquisition and Construction Fund; (c) transfer \$229,237.74 and \$146,178.49 from the proceeds of the Series 2024C Bonds and the Series 2024D Bonds, respectively, to the Costs of Issuance Fund; and (d) transfer \$210,000.00 and \$140,000.00 from the proceeds of the Series 2024C Bonds and the Series 2024D



Bonds, respectively, to the Interest Account. The Trustee may establish temporary funds or accounts in its records to record and facilitate such deposits and transfer.

Section 3.03. Establishment and Application of Costs of Issuance Fund. The Trustee shall establish, maintain and hold in trust a separate fund designated as the “Costs of Issuance Fund.” The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee to pay the Costs of Issuance upon submission of Requisitions of Valley Water stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred, that such payment is proper charge against said fund and that payment for such charge has not previously been made. On the six month anniversary of the issuance of the 2024 Bonds, or upon the earlier Written Request of Valley Water, all amounts remaining in the Costs of Issuance Fund shall be transferred by the Trustee to the 2024C Acquisition and Construction Fund and the Costs of Issuance Fund shall be closed. Investment earnings on amounts on deposit in the Costs of Issuance Fund shall be retained in the Costs of Issuance Fund until the Costs of Issuance Fund is closed and thereafter shall be transferred by the Trustee to the 2024C Acquisition and Construction Fund.

Section 3.04. Acquisition and/or Construction, Sale and Conveyance of the Project. (a) The Trustee shall establish, maintain and hold in trust two separate funds designated as the Series 2024C Acquisition and Construction Fund and the Series 2024D Acquisition and Construction Fund.

(b) Valley Water hereby agrees to acquire and/or construct the Project and to enter into such construction contracts and purchase orders as may be necessary, to provide for the acquisition and/or construction of the Project. Valley Water hereby further agrees to use its best efforts to cause the acquisition and/or construction of the Project to be completed as soon as possible, unforeseeable delays beyond the reasonable control of Valley Water only excepted.

(c) Valley Water may add, delete or substitute other improvements for the facilities and equipment listed as components of the Project in Exhibit B hereto in accordance with Section 3.05 hereof.

Section 3.05. Application of Series 2024C Acquisition and Construction Fund and Series 2024D Acquisition and Construction Fund. Amounts on deposit in the Series 2024C Acquisition and Construction Fund may be used and withdrawn by Valley Water, upon filing a Written Request of Valley Water with the Trustee in the form attached hereto as Exhibit C, for the payment for the payment of Costs of Issuance, for the costs of the acquisition and/or construction of the Project or to reimburse Valley Water for previous costs expended as Costs of Issuance or in the acquisition and/or construction of the Project. Amounts on deposit in the Series 2024D Acquisition and Construction Fund may be used and withdrawn by Valley Water, upon filing a Written Request of Valley Water with the Trustee in the form attached hereto as Exhibit C, for the payment of Costs of Issuance, for the costs of the acquisition and/or construction of the Project or to reimburse Valley Water for previous costs expended as Costs of Issuance or in the acquisition and/or construction of the Project.

Within the Series 2024C Acquisition and Construction Fund and the Series 2024D Acquisition and Construction Fund the Trustee shall, in accordance with a Written Request of Valley Water filed with the Trustee, establish such accounts therein in order to provide for the accounting of any component or group of components constituting a portion of the Project.

Valley Water may add, delete or substitute other improvements for the facilities listed as components of the Project in Exhibit B hereto, but only if Valley Water first files with the Trustee a certificate in substantially the form set forth in Exhibit D hereto which:

- (1) identifies the improvements to be substituted and the improvements to be added; and
- (2) states that the estimated costs of construction, acquisition and/or installation of the added, deleted or substituted improvements are not less than such costs for the previously planned components of the Project and/or Valley Water has sufficient funds or 2024 Bonds proceeds to construct and/or acquire the substituted or added improvements;
- (3) states that such added, deleted or substituted improvements will not adversely affect the payment of principal of, and interest on, the 2024C Bonds; and
- (4) states that the improvements to be added or substituted are eligible to be financed pursuant to Measure B approved by the voters of Valley Water on November 6, 1984.

When all Costs of Issuance with respect to the Series 2024C Bonds have been paid and the acquisition and/or construction of the Project to be financed from proceeds of the Series 2024C Bonds has been completed, Valley Water shall file a Written Request of Valley Water with the Trustee directing the Trustee to transfer any remaining balance of money in the Series 2024C Acquisition and Construction Fund to the Rebate Fund an amount to the extent necessary to pay Rebatable Arbitrage and any remaining balance to the Payment Fund as directed by Valley Water, and applied as provided in this Indenture.

When all Costs of Issuance with respect to the Series 2024D Bonds have been paid and the acquisition and/or construction of the Project to be financed from proceeds of the Series 2024D Bonds has been completed, Valley Water shall file a Written Request of Valley Water with the Trustee directing the Trustee to transfer any remaining balance of money in the Series 2024D Acquisition and Construction Fund to the Rebate Fund an amount to the extent necessary to pay Rebatable Arbitrage and any remaining balance to the Payment Fund as directed by Valley Water, and applied as provided in this Indenture.

Each Written Request of Valley Water shall be sufficient evidence to the Trustee of the facts stated therein and the Trustee shall have no duty to confirm the accuracy of such facts.

Section 3.06. Validity of 2024 Bonds. The validity of the authorization and issuance of the 2024 Bonds is not dependent on and shall not be affected in any way by any proceedings taken by Valley Water or the Trustee with respect to any other agreement. The recital contained in the 2024 Bonds that the same are issued pursuant to the Constitution and laws of the State shall be conclusive evidence of the validity and of compliance with the provisions of law in connection with their issuance.

## ARTICLE IV

### REDEMPTION OF 2024 BONDS

#### Section 4.01. Terms of Redemption.

(a) The 2024 Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the Water Utility Parity System Master Resolution, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(b) The Series 2024C Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date, on or after June 1, 20\_\_ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(c) The Series 2024D Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date, on or after June 1, 20\_\_ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

(d) The Series 2024C Bonds with a stated maturity on June 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot), on each June 1 on and after June 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest evidenced thereby to the Redemption Date, without premium, in accordance with the following schedule:

***Redemption Date  
(June 1)***

***Principal  
Amount***

\$

---

\* Final Maturity.

In the event of a redemption pursuant to Section 4.01(a) or (b) Valley Water shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

(e) The Series 2024D Bonds with a stated maturity on June 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot), on each June 1 on and after June 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest evidenced thereby to the Redemption Date, without premium, in accordance with the following schedule:

***Redemption Date  
(June 1)***

***Principal  
Amount***

\$

---

\* Final Maturity.

In the event of a redemption pursuant to Section 4.01(a), (c) or (f) Valley Water shall provide the Trustee with a revised sinking fund schedule giving effect to the redemption so completed.

(f) The Series 2024D Bonds shall be subject to redemption prior to June 1, 20\_\_ at the option of Valley Water, as a whole or in part on any Business Day in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date at the "Make-Whole Redemption Price." The "Make-Whole Redemption Price," as determined by Valley Water, is the greater of (1) 100% of the principal amount of the Series 2024D Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal of and interest to the maturity date on the Series 2024D Bonds to be redeemed, not including any portion of those payments of interest thereon accrued and unpaid as of the date on which the Series 2024D Bonds are to be redeemed, discounted to the date on which the Series 2024D Bonds are to be redeemed on a semiannual basis, assuming a 360-day year

consisting of twelve 30-day months, at the Treasury Rate plus the Applicable Spread, in each case plus accrued and unpaid interest on the Series 2024D Bonds to be redeemed on the Redemption Date.

Section 4.02. Selection of 2024 Bonds for Redemption. Whenever provision is made in this Indenture for the redemption of less than all of the 2024 Bonds in accordance with Sections 4.01(a), (b), (c) and (f) hereof, the Trustee shall select such 2024 Bonds for redemption as directed by Valley Water and by lot within each maturity in integral multiples of \$5,000 in accordance with Sections 4.01(a), (b), (c) and (f) hereof, as applicable. The Trustee will promptly notify Valley Water in writing of the numbers of such 2024 Bonds or portions thereof so selected for redemption.

Section 4.03. Notice of Redemption. Notice of redemption shall be given at least twenty (20) days but not more than sixty (60) days before any Redemption Date, to the respective Owners of any 2024 Bonds designated for redemption at their addresses appearing on the Registration Books, to the Securities Depositories and the Information Services; provided, however, that so long as a book-entry system is used for the 2024 Bonds, the Trustee will send notice of redemption only to the Securities Depositories and Information Services. Notice of redemption to the Securities Depositories shall be given by the method required by such Securities Depositories. Each notice of redemption shall state the date of notice, the Redemption Date, the place or places of redemption, the Redemption Price, will designate the maturities, CUSIP numbers, if any, and, if less than all 2024 Bonds of any such maturity are to be redeemed, the serial numbers of the 2024 Bonds of such maturity to be redeemed by giving the individual number of each 2024 Bond or by stating that all 2024 Bonds between two stated numbers, both inclusive, have been called for redemption and, in the case of 2024 Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on the Redemption Date there will become due and payable on each of said 2024 Bonds or parts thereof designated for redemption the Redemption Price thereof or of said specified portion of the principal thereof in the case of a 2024 Bond to be redeemed in part only, together with interest accrued thereon to the Redemption Date, and that (provided that moneys for redemption have been deposited with the Trustee) from and after such Redemption Date interest thereon shall cease to accrue, and shall require that such 2024 Bonds be then surrendered to the Trustee. Neither the failure to receive such notice nor any defect in the notice or the mailing thereof will affect the validity of the redemption of any 2024 Bond. Notice of redemption of 2024 Bonds shall be given by the Trustee at the expense of Valley Water.

With respect to any notice of optional redemption of 2024 Bonds, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the Redemption Date of moneys sufficient to pay the principal of, premium, if any, and interest on such 2024 Bonds to be redeemed and that, if such moneys shall not have been so received, said notice shall be of no force and effect and the Trustee shall not be required to redeem such 2024 Bonds. In the event that such notice of redemption contains such a condition and such moneys are not so received, the redemption shall not be made, and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

Section 4.04. Partial Redemption of 2024 Bonds. Upon surrender of any 2024 Bond redeemed in part only, Valley Water shall execute and the Trustee shall authenticate and deliver to the Owner thereof, at the expense of Valley Water, a new 2024 Bond or 2024 Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the 2024 Bonds surrendered and of the same series, interest rate and maturity.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price of, together with interest accrued to the Redemption Date on, the 2024 Bonds (or portions thereof) so called for redemption being held by the Trustee, on the Redemption Date designated in such notice, the 2024 Bonds (or portions thereof) so called for redemption shall become due and payable, interest on the 2024 Bonds so called for redemption shall cease to accrue, said 2024 Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said 2024 Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof. The Trustee shall, upon surrender for payment of any of the 2024 Bonds to be redeemed on their Redemption Dates, pay such 2024 Bonds at the Redemption Price.

All 2024 Bonds redeemed pursuant to the provisions of this Article shall be canceled upon surrender thereof.

## ARTICLE V

### WATER UTILITY SYSTEM REVENUES, FUNDS AND ACCOUNTS; PAYMENT OF PRINCIPAL AND INTEREST

#### Section 5.01. Pledge and Assignment; Revenue Fund.

(a) The 2024 Bonds are intended to be “Bonds” under the Water Utility Parity System Master Resolution and shall be secured by the pledge and liens created in the Water Utility Parity System Master Resolution on a parity with the Bonds and Contracts secured thereby.

(b) In order to carry out and effectuate the pledge and lien contained in the Water Utility Parity System Master Resolution for the 2024 Bonds, not later than three (3) Business Days prior to each Interest Payment Date, Valley Water shall transfer Net Water Utility System Revenues from the Water Utility System Revenue Fund held by Valley Water under the Water Utility Parity System Master Resolution to the Trustee the amount, if any, necessary for the payments of interest and principal on the 2024 Bonds due and payable on such Interest Payment Date.

Section 5.02. Application of Payment Fund. There is hereby established with the Trustee the Payment Fund, which the Trustee covenants to maintain and hold in trust separate and apart from other funds held by it so long as any principal of and interest on the 2024 Bonds remain unpaid. Except as directed herein, all payments of interest and principal on the 2024 Bonds transferred by Valley Water from the Water Utility System Revenue Fund to the Payment Fund pursuant to Section 5.01(b) shall be promptly deposited by the Trustee upon receipt thereof into the Payment Fund; except that all moneys received by the Trustee and required hereunder to be deposited in the Redemption Fund shall be promptly deposited therein. All payments of interest and principal on the 2024 Bonds deposited with the Trustee shall be held, disbursed, allocated and applied by the Trustee only as provided in this Indenture. The Trustee shall also establish and hold an Interest Account and a Principal Account within the Payment Fund.

The Trustee shall transfer from the Payment Fund and deposit into the following respective accounts the following amounts in the following order of priority and at the following times, the requirements of each such account (including the making up of any deficiencies in any such account resulting from lack of Net Water Utility System Revenues sufficient to make any earlier required

deposit) at the time of deposit to be satisfied before any transfer is made to any account subsequent in priority:

(a) Not later than the Business Day preceding each Interest Payment Date, the Trustee shall deposit in the Interest Account that sum, if any, required to cause the aggregate amount on deposit in the Interest Account to be at least equal to the amount of interest becoming due and payable on such Interest Payment Date on all 2024 Bonds then Outstanding. No deposit need be made into the Interest Account so long as there shall be in such fund moneys sufficient to pay the interest becoming due and payable on such Interest Payment Date on all 2024 Bonds then Outstanding.

(b) Not later than the Business Day preceding each date on which the principal of the 2024 Bonds shall become due and payable hereunder, the Trustee shall deposit in the Principal Account that sum, if any, required to cause the aggregate amount on deposit in the Principal Account to equal the principal amount of the 2024 Bonds coming due and payable on such date. No deposit need be made into the Principal Account so long as there shall be in such fund moneys sufficient to pay the principal becoming due and payable on such date on all 2024 Bonds then Outstanding.

Section 5.03. Application of Interest Account. All amounts in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying interest on the 2024 Bonds as it shall become due and payable (including accrued interest on any 2024 Bonds purchased or accelerated prior to maturity pursuant to this Indenture).

Section 5.04. Application of Principal Account. All amounts in the Principal Account shall be used and withdrawn by the Trustee solely to pay the principal amount of the 2024 Bonds at maturity, purchase or acceleration; provided, however, that at any time prior to selection for redemption of any such 2024 Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2024 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of Valley Water, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2024 Bonds.

Section 5.05. Application of Redemption Fund. There is hereby established with the Trustee a special fund designated as the "Redemption Fund." All amounts in the Redemption Fund shall be used and withdrawn by the Trustee solely for the purpose of paying the Redemption Price of the 2024 Bonds to be redeemed on any Redemption Date pursuant to Section 4.01; provided, however, that at any time prior to selection for redemption of any such 2024 Bonds, upon Written Request of Valley Water, the Trustee shall apply such amounts to the purchase of 2024 Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest, which is payable from the Interest Account) as shall be directed pursuant to a Written Request of Valley Water, except that the purchase price (exclusive of accrued interest) may not exceed the Redemption Price then applicable to the 2024 Bonds.

Section 5.06. Investments. All moneys in any of the funds or accounts established with Valley Water or the Trustee pursuant to this Indenture shall be invested by Valley Water or the Trustee, as the case may be, solely in Permitted Investments, which will, as nearly as practicable, mature on or before the dates when such moneys are anticipated to be needed for disbursement. Any investments by the Trustee shall be directed by Valley Water pursuant to a Written Request of Valley

Water filed with the Trustee at least two (2) Business Days in advance of the making of such investments (which directions shall be promptly confirmed to the Trustee in writing). In the absence of any such directions from Valley Water, the Trustee shall invest any such moneys in Permitted Investments described in clause (g) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of Valley Water specifying a specific money market fund and, if no such Written Request of Valley Water is so received, the Trustee shall hold such moneys uninvested. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account.

All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the Interest Account unless otherwise provided in this Indenture. The Trustee may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 5.06.

Valley Water acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory entity grant Valley Water the right to receive brokerage confirmations of security transactions as they occur, Valley Water specifically waives receipt of such confirmations to the extent permitted by law. The Trustee shall furnish Valley Water periodic cash transaction statements which shall include detail for all investment transactions effected by the Trustee and brokers selected by Valley Water. Upon Valley Water's election, such statements will be delivered via the Trustee's online service and upon electing such service; paper statements will be provided only upon request. Valley Water waives the right to receive brokerage confirmations of security transactions effected by the Trustee as they occur, to the extent permitted by law. Valley Water further understands that trade confirmations for securities transactions effected by the Trustee will be available upon request and at no additional cost and other trade confirmations may be obtained from the applicable broker.

The Trustee may make any investments hereunder through its own bond or investment department or trust investment department, or those of its parent or an affiliate. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder. The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee under this Indenture.

Valley Water shall invest, or cause to be invested, all moneys in any fund or accounts established with the Trustee as provided in the Tax Certificate.

For investment purposes, the Trustee may commingle the funds and accounts established hereunder (other than the Rebate Fund), but shall account for each separately. In making any valuations of investments hereunder, the Trustee may utilize and rely on computerized securities pricing services that may be available to the Trustee, including those available through the Trustee accounting system.

#### Section 5.07. Rebate Fund.

(a) Establishment. The Trustee shall establish for the Series 2024C Bonds a fund designated the "Rebate Fund." Except as may otherwise be approved by an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2024C



Bonds will not be adversely affected, Valley Water shall cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to this Section and the Tax Certificate. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series 2024C Bonds shall be governed by this Section and the Tax Certificate, unless and to the extent that Valley Water delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2024C Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained herein or in the Tax Certificate, the Trustee: (i) shall be deemed conclusively to have complied with the provisions hereof and thereof if it follows all Written Requests of Valley Water; and (ii) shall have no liability or responsibility to enforce compliance by Valley Water with the terms of this Section and the Tax Certificate; and (iii) may rely conclusively on Valley Water's calculations and determinations and certifications relating to rebate matters; and (iv) shall have no responsibility to independently make any calculations or determinations or to review Valley Water's calculations or determinations thereunder.

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

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

(iii) Payment to the Treasury. The Trustee shall pay, as directed by Written Request of Valley Water, to the United States Treasury, out of amounts in the Rebate Fund:

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

(B) Not later than 60 days after the payment of all the Series 2024C Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such

applicable Bond Year, and any income attributable to the Rebate Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

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

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Series 2024C Bonds and the payments described in clause (iii) of subsection (a) above being made may be withdrawn by Valley Water and utilized in any manner by Valley Water.

(c) Survival of Defeasance. Notwithstanding anything in this Section to the contrary, the obligation to comply with the requirements of this Section shall survive the defeasance or payment in full of the Series 2024C Bonds.

Section 5.08. Application of Funds and Accounts When No 2024 Bonds are Outstanding. On the date on which all 2024 Bonds shall be retired hereunder or provision made therefor pursuant to Article X and after payment of all amounts due the Trustee hereunder, all moneys then on deposit in any of the funds or accounts (other than the Rebate Fund) established with the Trustee pursuant to this Indenture shall be withdrawn by the Trustee and paid to Valley Water for use by Valley Water at any time for any purpose permitted by law.

## ARTICLE VI

### PARTICULAR COVENANTS

Section 6.01. Compliance with Indenture and Water Utility Parity System Master Resolution. The Trustee will not authenticate or deliver any 2024 Bond in any manner other than in accordance with the provisions of this Indenture and the Water Utility Parity System Master Resolution, and Valley Water will not suffer or permit any default by it to occur under this Indenture or the Water Utility Parity System Master Resolution, but will faithfully observe and perform all the covenants, conditions and requirements hereof and thereof.

Section 6.02. Continuing Disclosure. Valley Water hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of Valley Water to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, any Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause Valley Water to comply with its obligations under this Section, all in accordance with the terms and limitations set forth in the Continuing Disclosure Agreement. For purposes of this Section, “Beneficial Owner” means any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership

of, any 2024 Bond (including persons holding 2024 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2024 Bond for federal income tax purposes.

Section 6.03. Punctual Payment. Valley Water shall pay and cause the Trustee to pay the principal and interest to become due in respect of all of the 2024 Bonds, in strict conformity with the terms of the 2024 Bonds and of this Indenture, according to the true intent and meaning thereof, but only as provided in this Indenture and in the Water Utility Parity System Master Resolution.

Section 6.04. Extension of Payment of 2024 Bonds. Valley Water shall not directly or indirectly extend or assent to the extension of the maturity of any of the 2024 Bonds or the time of payment of any claims for interest by the purchase of such 2024 Bonds or by any other arrangement, and in case the maturity of any of the 2024 Bonds or the time of payment of any such claims for interest shall be extended, such 2024 Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the 2024 Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended.

Section 6.05. Power to Issue 2024 Bonds and Make Pledge and Assignment. Valley Water is duly authorized pursuant to law to issue the 2024 Bonds, to enter into this Indenture and to pledge and assign the Water Utility System Revenues and other assets purported to be pledged and assigned under the Water Utility Parity System Master Resolution and this Indenture in the manner and to the extent provided in the Water Utility Parity System Master Resolution and this Indenture. The 2024 Bonds and the provisions of the Water Utility Parity System Master Resolution and this Indenture are and will be the legal, valid and binding special obligations of Valley Water in accordance with their terms, and Valley Water and the Trustee shall at all times, subject to the provisions of Article VIII and to the extent permitted by law, defend, preserve and protect said pledge and assignment of Water Utility System Revenues and other assets and all the rights of the 2024 Bond Owners under this Indenture against all claims and demands of all persons whomsoever.

Section 6.06. Tax Covenants. Notwithstanding any other provision of this Indenture, and except as may otherwise be approved by an opinion of Bond Counsel that the exclusion from gross income of interest on the Series 2024C Bonds will not be adversely affected for federal income tax purposes, Valley Water covenants to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the Series 2024C Bonds and specifically covenants, without limiting the generality of the foregoing, as follows:

(a) Private Activity. Valley Water will take no action or refrain from taking any action or make any use of the proceeds of the Series 2024C Bonds or of any other moneys or property which would cause the Series 2024C Bonds to be “private activity bonds” within the meaning of Section 141 of the Code;

(b) Arbitrage. Valley Water will make no use of the proceeds of the Series 2024C Bonds or of any other amounts or property, regardless of the source, or take any action or refrain from taking any action which will cause the Series 2024C Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code;

(c) Federal Guarantee. Valley Water will make no use of the proceeds of the Series 2024C Bonds or take or omit to take any action that would cause the Series 2024C Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code;

(d) Information Reporting. Valley Water will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the Series 2024C Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. Valley Water will make no use of the proceeds of the Series 2024C Bonds or any other amounts or property, regardless of the source, or take any action or refrain from taking any action that would cause the Series 2024C Bonds to be considered “hedge bonds” within the meaning of Section 149(g) of the Code unless Valley Water takes all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Series 2024C Bonds for federal income tax purposes; and

(f) Miscellaneous. Valley Water will take no action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate executed by Valley Water in connection with the issuance of the Series 2024C Bonds and will comply with the covenants and requirements stated therein and incorporated by reference herein.

Section 6.07. Waiver of Laws. Valley Water shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that may affect the covenants and agreements contained in this Indenture or in the 2024 Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by Valley Water to the extent permitted by law.

Section 6.08. Further Assurances. Valley Water will adopt, make, execute and deliver any and all such further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Owners of the 2024 Bonds of the rights and benefits provided in this Indenture.

Section 6.09. Prosecution and Defense of Suits. Valley Water shall promptly, upon request of the Trustee or any 2024 Bond Owner, from time to time take such action as may be necessary or proper to remedy or cure any defect in or cloud upon the title to the Water Utility System or any part thereof, whether now existing or hereafter developing, shall prosecute all such suits, actions and other proceedings as may be appropriate for such purpose and shall indemnify and save the Trustee (including all of its employees, officers and directors) and every 2024 Bond Owner harmless from all loss, cost, damage and expense, including attorneys’ fees, which they or any of them may incur by reason of any such defect, cloud, suit, action or proceeding.

Valley Water shall defend against every suit, action or proceeding at any time brought against the Trustee (including all of its employees, officers and directors) or any 2024 Bond Owner upon any claim by a 2024 Bond Owner or a third party arising out of the receipt, application or disbursement of any of the payments of principal of or interest on the 2024 Bonds or involving the rights of the Trustee or any 2024 Bond Owner under this Indenture; provided that the Trustee or any 2024 Bond Owner at such party’s election may appear in and defend any such suit, action or proceeding. Valley Water shall indemnify and hold harmless the Trustee and the 2024 Bond Owners against any and all liability claimed or asserted by any such person, arising out of such receipt, application or disbursement, and shall indemnify and hold harmless the 2024 Bond Owners against any attorneys’ fees or other expenses which any of them may incur in connection with any litigation (including pre-litigation activities) to which any of them may become a party by reason of ownership

of 2024 Bonds. Valley Water shall promptly reimburse any 2024 Bond Owner in the full amount of any attorneys' fees or other expenses which such Owner may incur in litigation or otherwise in order to enforce such party's rights under this Indenture or the 2024 Bonds, provided that such litigation shall be concluded favorably to such party's contentions therein.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES OF 2024 BOND OWNERS

Section 7.01. Events of Default. The following events shall be Events of Default:

(a) default by Valley Water in the due and punctual payment of the principal of or interest on any 2024 Bonds when and as the same shall become due and payable;

(b) default by Valley Water in the observance of any of the other agreements or covenants required herein to be performed by it, and such default shall have continued for a period of thirty (30) days after Valley Water shall have been given notice in writing of such default or, if such default is not reasonably susceptible to cure within thirty (30) days after notice thereof, such default shall have continued for a period of sixty (60) days;

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

(d) declaration of an "event of default" under any Contract or Bond as provided by the terms of such Contract or Bond.

Section 7.02. Remedies Upon Event of Default. If any Event of Default specified in Section 7.01 shall occur and be continuing, any Owner and the Trustee shall have the following rights, for the equal benefit and protection of all Owners similarly situated:

(a) by mandamus or other suit or proceeding at law or in equity an Owner or the Trustee may enforce their rights against the Valley Water, Valley Water's Board of Directors, and any of Valley Water's officers, agents, and employees and compel them to perform and carry out their duties under the District Act. the Law and the agreements and covenants required to be performed by it or him contained herein;

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

(b) by suit in equity upon the happening of an Event of Default to require Valley Water and any member of Valley Water's Board of Directors to account as the trustee of an express trust.

Section 7.03. Application of Water Utility System Revenues and Other Funds After Default. If an Event of Default shall occur and be continuing, all Water Utility System Revenues thereafter received by Valley Water and amounts on deposit in the funds and accounts held under the Water Utility Parity System Master Resolution (other than amounts held in the Rebate Fund) shall be applied in the following order:

(i) to the payment, without preference or priority, and in the event of any insufficiency ratably without any discrimination or preference, of the fees, costs and expenses, if any of the Trustee, including reasonable compensation to their respective accountants and counsel;

(ii) to the payment of Operation and Maintenance Costs; and

(iii) to the payment of the entire principal amount of the unpaid 2024 Bonds and the unpaid principal amount of all Bonds and Contracts and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable to the 2024 Bonds and such Bonds and Contracts if paid in accordance with their respective terms.

For avoidance of doubt, until all amounts due and payable on all Bonds and Contracts have been paid (when due or upon acceleration) no Water Utility System Revenues or amounts on deposit in the Water Utility Fund shall be applied to pay any amounts due and payable on any obligations payable from Water Utility System Revenues on a subordinate basis to Bonds and Contracts.

Section 7.04. Trustee to Represent 2024 Bond Owners. The Trustee is hereby irrevocably appointed (and the successive respective Owners of the 2024 Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney in fact of the Owners of the 2024 Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Owners under the provisions of the 2024 Bonds or this Indenture and applicable provisions of law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the 2024 Bond Owners, the Trustee in its discretion may, and upon the written request of the Owners of a majority in aggregate principal amount of the 2024 Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to protect or enforce its rights or the rights of such Owners by such appropriate action, suit, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Owners under the 2024 Bonds or this Indenture or any law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver of the Water Utility System Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the 2024 Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the 2024 Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Owners of such 2024 Bonds, subject to the provisions of this Indenture.

Section 7.05. 2024 Bond Owners' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the 2024 Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable

satisfaction, to direct the method of conduct in all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to 2024 Bond Owners not parties to such direction.

Section 7.06. Suit by Owners. No Owner of any 2024 Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Indenture with respect to such 2024 Bonds, unless: (a) such Owners shall have given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of not less than fifty percent (50%) in aggregate principal amount of the 2024 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (c) such Owner or Owners shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; (d) the Trustee shall have failed to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee; and (e) no direction inconsistent with such written request shall have been given to the Trustee during such sixty (60) day period by the Owners of a majority in aggregate principal amount of the 2024 Bonds then Outstanding.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of 2024 Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Owners of 2024 Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Indenture or the rights of any other Owners of 2024 Bonds, or to enforce any right under the 2024 Bonds, this Indenture, or applicable law with respect to the 2024 Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners of the Outstanding 2024 Bonds, subject to the provisions of this Indenture.

Section 7.07. Absolute Obligation of Valley Water. Nothing in this Section 7.07 or in any other provision of this Indenture or in the 2024 Bonds shall affect or impair the obligation of Valley Water, which is absolute and unconditional, to pay the principal of and interest on the 2024 Bonds to the respective Owners of the 2024 Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Water Utility System Revenues and other assets pledged and assigned herein and in the Water Utility Parity System Master Resolution therefor, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the 2024 Bonds.

Section 7.08. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Owners of the 2024 Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.09. No Waiver of Default. No delay or omission of the Trustee or of any Owner of the 2024 Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or an acquiescence therein.

## ARTICLE VIII

### THE TRUSTEE

#### Section 8.01. Duties, Immunities and Liabilities of Trustee.

(a) The Trustee shall, prior to an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in this Indenture, and no implied covenants or duties shall be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) Valley Water may remove the Trustee at any time, unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the 2024 Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with subsection (e) of this Section, or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon Valley Water shall promptly appoint a successor Trustee by an instrument in writing.

(c) The Trustee may at any time resign by giving written notice of such resignation to Valley Water and by giving the 2024 Bond Owners notice of such resignation by mail at the addresses shown on the Registration Books. Upon receiving such notice of resignation, Valley Water shall promptly appoint a successor Trustee by an instrument in writing.

(d) Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee. If no successor Trustee shall have been appointed and have accepted appointment within ninety (90) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any 2024 Bond Owner (on behalf of himself and all other 2024 Bond Owners) may petition any court of competent jurisdiction at the expense of Valley Water for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to Valley Water and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless at the Written Request of Valley Water or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, Valley Water shall execute and deliver any



and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, Valley Water shall mail or cause the successor trustee to mail a notice of the succession of such Trustee to the trusts hereunder to each Rating Agency which is then rating the 2024 Bonds and to the 2024 Bond Owners at the addresses shown on the Registration Books. If Valley Water fails to mail such notice within fifteen (15) days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of Valley Water.

(e) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company, banking association or bank having the powers of a trust company, having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000), and subject to supervision or examination for federal or state authority. If such bank, banking association or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such trust company, banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

Section 8.02. Merger or Consolidation. Any trust company, banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, banking association or bank shall be eligible under subsection (e) of Section 8.01, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

Section 8.03. Liability of Trustee.

(a) The recitals of facts herein and in the 2024 Bonds shall be taken as statements of Valley Water, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of this Indenture or the 2024 Bonds, nor shall the Trustee incur any responsibility in respect thereof, other than as expressly stated herein in connection with the respective duties or obligations herein or in the 2024 Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the 2024 Bonds. The Trustee shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee may become the Owner of 2024 Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of 2024 Bond Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the 2024 Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority (or such other percentage provided for herein) in aggregate principal amount of the 2024 Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(d) The Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

(e) The Trustee shall not be deemed to have knowledge of any default or Event of Default hereunder or any other event which, with the passage of time, the giving of notice, or both, would constitute an Event of Default hereunder unless and until a Responsible Officer of the Trustee shall have actual knowledge of such event or the Trustee shall have been notified in writing, in accordance with Section 11.07, of such event by Valley Water or the Owners of not less than fifty percent (50%) of the 2024 Bonds then Outstanding. Except as otherwise expressly provided herein, the Trustee shall not be bound to ascertain or inquire as to the performance or observance by Valley Water of any of the terms, conditions, covenants or agreements herein of any of the documents executed in connection with the 2024 Bonds, or as to the existence of an Event of Default thereunder or an event which would, with the giving of notice, the passage of time, or both, constitute an Event of Default thereunder. The Trustee shall not be responsible for the validity, effectiveness or priority of any collateral given to or held by it.

(f) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of any of its rights or powers.

(g) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of Owners pursuant to this Indenture, unless such Owners shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. No permissive power, right or remedy conferred upon the Trustee hereunder shall be construed to impose a duty to exercise such power, right or remedy and the Trustee shall not be answerable for other than its negligence or willful misconduct.

(h) Whether or not herein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Article VIII.

(i) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the 2024 Bonds.

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

(k) The Trustee may execute any of the trusts or powers of this Indenture and perform any of its duties through attorneys, agents and receivers and shall not be answerable for the conduct of the same if appointed by it with reasonable care.

(l) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, which affect the Trustee's ability to perform its obligations hereunder, including, but not limited to, acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the Water Utility System Revenues, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

(m) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by secured e-mail, facsimile transmission or other similar secured electronic methods, provided, however, that, for purposes of this Indenture, an e-mail does not constitute a notice, request, or other communication hereunder but rather, the portable document format or similar attachment attached to such e-mail shall constitute a notice, request, or other communication hereunder and provided further that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If Valley Water elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding the fact that such instructions conflict or are inconsistent with a subsequent written instruction. Valley Water agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(n) The Trustee shall not be concerned with or accountable to anyone for the subsequent use or application of any moneys which shall be released or withdrawn in accordance with the provisions hereof.

Section 8.04. Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, notes, direction, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to Valley Water, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

The Trustee may treat the Owners of the 2024 Bonds appearing in the Trustee's Registration Books as the absolute owners of the 2024 Bonds for all purposes and the Trustee shall not be affected by any notice to the contrary.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate, Request or Requisition of Valley Water and such Certificate, Request or Requisition shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, Request or Requisition, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of this Indenture shall be retained in its respective possession and shall be subject at all reasonable times to the inspection of Valley Water, and any 2024 Bond Owner, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Compensation and Indemnification. Valley Water shall pay to the Trustee from time to time all reasonable compensation for all services rendered under this Indenture, and also all reasonable expenses, charges, legal and consulting fees and other disbursements and those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture.

Valley Water shall indemnify, defend and hold harmless the Trustee, its officers, employees, directors and agents from and against any loss, costs, claims, liability or expense (including fees and expenses of its attorneys and advisors) incurred to a 2024 Bond Owner or a third party without negligence or bad faith on its part, arising out of or in connection with the execution of this Indenture, acceptance or administration of this trust, including costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers hereunder. The rights of the Trustee and the indemnification obligations of Valley Water shall survive removal or resignation of the Trustee hereunder or the discharge of the 2024 Bonds and this Indenture.

## ARTICLE IX

### MODIFICATION OR AMENDMENT OF THE INDENTURE; WATER UTILITY PARITY SYSTEM MASTER RESOLUTION

#### Section 9.01. Amendments to Indenture Permitted.

(a) This Indenture and the rights and obligations of Valley Water, the Owners of the 2024 Bonds, and the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto, subject to subsections (b) – (d) of this Section. No such modification or amendment shall: (1) extend the fixed maturity of any 2024 Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time

of payment of interest thereon, without the consent of the Owner of each 2024 Bond so affected; (2) reduce the percentage of Owners required to provide consent or direction under this Indenture or (3) reduce the percentage of owners of any Bonds or Contracts required to provide consent to amendments or modifications of the Water Utility Parity System Master Resolution as set forth in Section 9.05(a) below. Promptly after the execution by Valley Water and the Trustee of any Supplemental Indenture pursuant to this subsection (a), the Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Indenture, to each Rating Agency and the Owners of the 2024 Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(b) This Indenture and the rights and obligations of Valley Water, the Trustee and the Owners of the 2024 Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such Supplemental Indenture shall not materially adversely affect the interests of the Owners of the Outstanding 2024 Bonds, including, without limitation, for any one or more of the following purposes:

(1) to add to the covenants and agreements of Valley Water contained in this Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the 2024 Bonds (or any portion thereof), or to surrender any right or power herein reserved to or conferred upon Valley Water;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as Valley Water may deem necessary or desirable;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereunder in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(4) to modify, amend or supplement this Indenture in such manner as to cause interest on the Series 2024C Bonds to remain excludable from gross income under the Code; and

(5) to make such other amendments or modifications as may be in the best interests of the Owners of the 2024 Bonds.

(c) The Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Indenture authorized by subsections (a) or (b) of this Section which materially adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

(d) Prior to the Trustee entering into any Supplemental Indenture hereunder, there shall be delivered to the Trustee an opinion of Bond Counsel stating, in substance, that such Supplemental Indenture has been adopted in compliance with the requirements of this Indenture and that the adoption of such Supplemental Indenture will not, in and of itself, adversely affect the

exclusion of interest on the Series 2024C Bonds from federal income taxation and the 2024 Bonds from state income taxation.

Section 9.02. Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of Valley Water, the Trustee and all Owners of 2024 Bonds Outstanding shall thereafter be binding upon, determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of 2024 Bonds; Preparation of New 2024 Bonds. 2024 Bonds delivered after the execution of any Supplemental Indenture pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by Valley Water and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand on the Owner of any 2024 Bonds Outstanding at the time of such execution and presentation of his or her 2024 Bonds for such purpose at the Office of the Trustee or at such additional offices as the Trustee may select and designate for such purpose, a suitable notation shall be made on such 2024 Bonds. If the Supplemental Indenture shall so provide, new 2024 Bonds so modified as to conform, in the opinion of Valley Water and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by Valley Water and authenticated by the Trustee, and upon demand on the Owners of any 2024 Bonds then Outstanding shall be exchanged at the Office of the Trustee, without cost to any 2024 Bond Owner, for 2024 Bonds then Outstanding, upon surrender for cancellation of such 2024 Bonds, in equal aggregate principal amount of the same maturity.

Section 9.04. Amendment of Particular 2024 Bonds. The provisions of this Article shall not prevent any 2024 Bond Owner from accepting any amendment as to the particular 2024 Bonds held by such 2024 Bond Owner.

Section 9.05. Amendment to Water Utility Parity System Master Resolution. The Water Utility Parity System Master Resolution may be amended or modified by Valley Water by a supplemental resolution thereto with the consent of a majority of the owners of outstanding Bonds and Contracts; provided, however, that Valley Water may modify or amend the Water Utility Parity System Master Resolution at any time without the consent of owners of outstanding Bonds and Contracts by a supplemental resolution thereto to: (i) add to the agreements and covenants of Valley Water other agreements and covenants to be observed, or to surrender any right or power therein reserved to Valley Water, or (ii) cure, correct or supplement any ambiguous or defective provision contained therein, or (iii) resolve questions arising thereunder as Valley Water may deem necessary or desirable, and which do not materially adversely affect the interests of the owners of outstanding Bonds and Contracts. Such amendment or modification shall be filed by Valley Water with the applicable Trustee for such outstanding Bonds or Contracts. Valley Water shall give notice of any such amendment or supplement to each Rating Agency then rating the 2024 Bonds.

## ARTICLE X

### DEFEASANCE

Section 10.01. Discharge of Indenture. The 2024 Bonds may be paid by Valley Water in any of the following ways, provided that Valley Water also pays or causes to be paid any other sums payable hereunder by Valley Water:

- (a) by paying or causing to be paid the principal of and interest and redemption premiums (if any) on such 2024 Bonds, as and when the same become due and payable;
- (b) by the deposit with the Trustee, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem all 2024 Bonds then Outstanding; or
- (c) by delivering to the Trustee, for cancellation by it, all of the 2024 Bonds then Outstanding.

If Valley Water shall also pay or cause to be paid all other sums payable hereunder by Valley Water, then and in that case, at the election of Valley Water (as evidenced by a certificate of Valley Water filed with the Trustee, signifying the intention of Valley Water to discharge all such indebtedness and this Indenture), and notwithstanding that any such 2024 Bonds shall not have been surrendered for payment, all covenants, agreements and other obligations of Valley Water under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon the Written Request of Valley Water, the Trustee shall execute and deliver to Valley Water all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over, transfer, assign or deliver all moneys or securities or other property held by it pursuant to this Indenture which are not required for the payment or redemption of such 2024 Bonds not theretofore surrendered for such payment or redemption to Valley Water.

Section 10.02. Discharge of Liability on 2024 Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding 2024 Bonds (whether upon or prior to the maturity or the Redemption Date of such 2024 Bonds), provided that, if such Outstanding 2024 Bonds are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, then all liability of Valley Water in respect of such 2024 Bonds shall cease, terminate and be completely discharged, and the Owners thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject however, to the provisions of Section 10.04.

Valley Water may at any time surrender to the Trustee for cancellation by it any 2024 Bonds previously issued and delivered, which Valley Water may have acquired in any manner whatsoever, and such 2024 Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any 2024 Bonds, the money or securities so to be deposited

shall be held by the Trustee in the funds and accounts established pursuant to this Indenture. Defeasance may be accomplished by depositing with the Trustee:

(a) lawful money of the United States of America in an amount equal to the principal amount of such 2024 Bonds and all unpaid interest thereon to maturity, except that, in the case of 2024 Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as provided in Article IV or provisions satisfactory to the Trustee shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount of such 2024 Bonds and all unpaid interest and premium, if any, thereon to the Redemption Date; or

(b) Defeasance Securities the principal of and interest on which when due will, in the written opinion of an Independent Certified Public Accountant filed with Valley Water and the Trustee, provide money sufficient to pay the principal of and all unpaid interest to maturity, or to the Redemption Date (with premium, if any), as the case may be, on the 2024 Bonds to be paid or redeemed as directed by Valley Water as such principal, interest and premium, if any, become due, provided that in the case of 2024 Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as provided in Article IV or provision satisfactory to the Trustee shall have been made for the giving of such notice;

provided, in each case, that: (i) the Trustee shall have been irrevocably instructed (by the terms of this Indenture or by Written Request of Valley Water) to apply such money to the payment of such principal, interest and premium, if any, with respect to such 2024 Bonds as directed by Valley Water; and (ii) Valley Water shall have delivered to the Trustee an opinion of Bond Counsel addressed to Valley Water and the Trustee to the effect that such 2024 Bonds have been discharged in accordance with this Indenture (which opinion may rely upon and assume the accuracy of the Independent Certified Public Accountant's opinion referred to above). The opinion of Bond Counsel and Independent Certified Public Accountant's opinion referred to above shall be acceptable in form and substance, and addressed, to Valley Water and the Trustee.

The 2024 Bonds shall be deemed Outstanding under this Indenture unless and until they are in fact paid and retired or the above criteria are met.

Section 10.04. Payment of 2024 Bonds After Discharge of Indenture. Notwithstanding any provisions of this Indenture, any moneys held by the Trustee in trust for the payment of the principal of, or interest on, any 2024 Bonds and remaining unclaimed for two (2) years after the principal of all of the 2024 Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or two (2) years after the date of deposit of such moneys if deposited after said date when all of the 2024 Bonds became due and payable, shall be transferred to the State and become subject to the escheat laws of the State free from the trusts created by this Indenture upon receipt of an indemnification agreement acceptable to Valley Water and the Trustee indemnifying the Trustee with respect to claims of Owners of 2024 Bonds which have not yet been paid, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the transfer of such moneys to the State as aforesaid, the Trustee shall at the Written Request of Valley Water (at the cost of Valley Water), first mail to the Owners of 2024 Bonds which have not yet been paid, at the addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the 2024 Bonds so payable and not presented and with respect to the provisions relating to the transfer to the State of the moneys relating for the payment thereof.



## ARTICLE XI

### MISCELLANEOUS

Section 11.01. Liability Limited. Notwithstanding anything contained herein or in the Water Utility Parity System Master Resolution, Valley Water shall not be required to advance any moneys derived from any source of income other than the Net Water Utility System Revenues and the other funds provided herein for the payment of principal of and interest on the 2024 Bonds or for the performance of any agreements or covenants required to be performed by it contained herein. Valley Water may, however, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by Valley Water for such purpose.

The 2024 Bonds are revenue bonds of Valley Water and the principal of and interest on the 2024 Bonds are payable exclusively from the Net Water Utility System Revenues of the Water Utility System and other funds described herein and in the Water Utility Parity System Master Resolution, and does not constitute a debt of Valley Water or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. The 2024 Bonds are not secured by the taxing power of Valley Water.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture either Valley Water or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of Valley Water or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and 2024 Bond Owners. Nothing expressed or implied in this Indenture or in the 2024 Bonds is intended or shall be construed to give to any person other than Valley Water, the Trustee and the Owners of the 2024 Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of Valley Water, the Trustee and the Owners of the 2024 Bonds.

Section 11.04. Waiver of Notice; Requirement of Mailed Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver. Whenever in this Indenture any notice shall be required to be given by mail, such requirement shall be satisfied by the deposit of such notice in the United States mail, postage prepaid, by first class mail.

Section 11.05. Destruction of 2024 Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to Valley Water of any 2024 Bonds, the Trustee shall destroy such 2024 Bonds as may be allowed by law, and deliver a certificate of such destruction to Valley Water.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the 2024 Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the

remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. Valley Water hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the 2024 Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notices. Any notice to or demand upon Valley Water or the Trustee shall be deemed to have been sufficiently given or served for all purposes by being sent by facsimile or email or by being deposited, first class mail, postage prepaid, in a post office letter box, addressed, as the case may be, to Valley Water at Santa Clara Valley Water District, 5750 Almaden Expressway, San Jose, California 95118, Attention: Treasury and Debt Officer (or such other address as may have been filed in writing by Valley Water with the Trustee) or to the Trustee at U.S. Bank Trust Company, National Association, One California Street, Suite 1000, San Francisco, California; Attention: Global Corporate Trust, Reference: Santa Clara Valley Water District, Series 2024C/D; Facsimile: (415) 677-3768. Notwithstanding the foregoing provisions of this Section 11.07, the Trustee shall not be deemed to have received, and shall not be liable for failing to act upon the contents of, any notice unless and until the Trustee actually receives such notice.

Section 11.08. Evidence of Rights of 2024 Bond Owners. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by 2024 Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such 2024 Bond Owners in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any person of 2024 Bonds transferable by delivery, shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee and Valley Water if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of 2024 Bonds shall be proved by the Registration Books.

Any request, consent, or other instrument or writing of the Owner of any 2024 Bond shall bind every future Owner of the same 2024 Bond and the Owner of every 2024 Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or Valley Water in accordance therewith or reliance thereon.

Section 11.09. Disqualified 2024 Bonds. In determining whether the Owners of the requisite aggregate principal amount of 2024 Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, 2024 Bonds which are known by the Trustee to be owned or held by or for the account of Valley Water, or by any other obligor on the 2024 Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, Valley Water or any other obligor on the 2024 Bonds, shall be disregarded and deemed not to be

Outstanding for the purpose of any such determination. 2024 Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such 2024 Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, Valley Water or any other obligor on the 2024 Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request, Valley Water shall certify to the Trustee those 2024 Bonds that are disqualified pursuant to this Section 11.09 and the Trustee may conclusively rely on such certificate.

Section 11.10. Money Held for Particular 2024 Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular 2024 Bonds (or portions of 2024 Bonds in the case of registered 2024 Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the 2024 Bonds entitled thereto, subject, however, to the provisions of Section 10.04 hereof but without any liability for interest thereon.

Section 11.11. Funds and Accounts. Any fund or account required by this Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with corporate trust industry standards to the extent practicable for the protection of the security of the 2024 Bonds and the rights of every Owner thereof.

Section 11.12. Waiver of Personal Liability. No member, officer, agent, employee, consultant or attorney of Valley Water shall be individually or personally liable for the payment of the principal of or premium or interest on the 2024 Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing herein contained shall relieve any such member, officer, agent, employee, consultant or attorney from the performance of any official duty provided by law or by this Indenture.

Section 11.13. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as Valley Water and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.14. CUSIP Numbers. Neither the Trustee nor Valley Water shall be liable for any defect or inaccuracy in the CUSIP number that appears on any 2024 Bond or in any redemption notice. The Trustee may, in its discretion, include in any redemption notice a statement to the effect that the CUSIP numbers on the 2024 Bonds have been assigned by an independent service and are included in such notice solely for the convenience of the 2024 Bond Owners and that neither Valley Water nor the Trustee shall be liable for any inaccuracies in such numbers.

Section 11.15. Choice of Law. THIS INDENTURE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF CALIFORNIA.

IN WITNESS WHEREOF, Valley Water has caused this Indenture to be signed in its name by its Authorized Representative, and the Trustee, in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by its officers thereunto duly authorized, all as of the day and year first above written.

SANTA CLARA VALLEY WATER DISTRICT

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

Attest:

\_\_\_\_\_  
Clerk of the Board of Directors

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

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

EXHIBIT A

FORM OF 2024 BOND

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

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

\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF CALIFORNIA

SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BOND,  
[SERIES 2024C] [ TAXABLE SERIES 2024D]

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
_____%	June 1, 20__	_____, 2024	____

REGISTERED OWNER      CEDE & CO.

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The SANTA CLARA VALLEY WATER DISTRICT, an agency duly organized and existing under the laws of the State of California (“Valley Water”), for value received, hereby promises to pay to the Registered Owner specified above or registered assigns (the “Registered Owner”), on the Maturity Date specified above (subject to any right of prior redemption hereinafter provided for), the Principal Amount specified above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless: (i) this Bond is authenticated after the fifteenth day of the calendar month preceding an interest payment date, whether or not such day is a Business Day, and on or before the following interest payment date, in which event it shall bear interest from such interest payment date; or (ii) this Bond is authenticated on or before November 15, 2024 in which event it shall bear interest from the Original Issue Date identified above; provided, however, that if as of the date of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond), at the Interest Rate per annum specified above, payable on December 1, 2024 and semiannually on each June 1 and December 1 thereafter, calculated on the basis of a 360 day year composed of twelve 30 day months. Principal hereof and premium, if any, upon early

redemption hereof are payable by check of the Trustee upon presentation and surrender hereof at the Office of the Trustee (as defined in the hereinafter described Indenture) of U.S. Bank Trust Company, National Association, as trustee (the “Trustee”). Interest hereon is payable by check of the Trustee sent by first class mail on the applicable interest payment date to the Registered Owner hereof at the Registered Owner’s address as it appears on the registration books of the Trustee as of the close of business on the fifteenth day of the month preceding each interest payment date (except that in the case of a registered owner of one million dollars (\$1,000,000) or more in principal amount, such payment may, at such registered owner’s option, be made by wire transfer of immediately available funds to an account in the United States in accordance with written instructions provided to the Trustee by such registered owner prior to the fifteenth (15th) day of the month preceding such interest payment date). Capitalized terms not defined herein shall have the meanings set forth in the Indenture (as defined below) and if not in the Indenture, in the Water Utility Parity System Master Resolution (as defined below).

This Bond is not a debt of the State of California, or any of its political subdivisions (other than Valley Water), and neither the State, nor any of its political subdivisions (other than Valley Water), is liable hereon. This Bond is a revenue bond of Valley Water and the principal of and interest on this Bond are payable exclusively from the Net Water Utility System Revenues (as such term is defined in the Water Utility Parity System Master Resolution adopted by the Board of Directors of Valley Water on February 23, 2016, as amended (the “Water Utility Parity System Master Resolution”) of the Water Utility System and other moneys pledged and assigned therefor under the Water Utility Parity System Master Resolution and the Indenture of Trust, dated as of January 1, 2024 (the “Indenture”), by and between Valley Water and the Trustee and Valley Water is not obligated to pay this Bond except from the Net Water Utility System Revenues and other funds described in the Indenture and in the Water Utility Parity System Master Resolution. Such pledge, together with the pledge created by all other Contracts and Bonds (as such terms are defined in the Water Utility Parity System Master Resolution), constitutes a first lien on Water Utility System Revenues and all amounts on deposit in the funds and accounts under the Water Utility Parity System Master Resolution to the extent set forth therein, and is subject to the application of Net Water Utility System Revenues in accordance with the terms of the Water Utility Parity System Master Resolution and the Indenture. The obligation of Valley Water to make payments in accordance with the Water Utility Parity System Master Resolution and the Indenture is a limited obligation of Valley Water as set forth in the Water Utility Parity System Master Resolution and the Indenture and Valley Water shall have no liability or obligation in connection herewith except with respect to such payments to be made pursuant to the Water Utility Parity System Master Resolution and the Indenture. The Bonds do not constitute an indebtedness of Valley Water in contravention of any constitutional or statutory debt limitation or restriction. This Bond is not secured by the taxing power of Valley Water.

This Bond is one of a duly authorized issue of bonds of Valley Water designated as the “Santa Clara Valley Water District Water System Revenue Bonds, Series 2024C” (the “2024C Bonds”) and the “Santa Clara Valley Water District Water System Revenue Bonds Taxable Series 2024D” (the “2024D Bonds” and, together with the 2024C Bonds, the “Bonds”) of an aggregate principal amount of Two Hundred Seven Million Two Hundred Eighty-Five Thousand Dollars (\$207,285,000), all of like tenor and date (except for such variation, if any, as may be required to designate varying series, numbers or interest rates). The 2024C Bonds and 2024D Bonds are issued pursuant to the Santa Clara Valley Water District Act, Chapter 1405 of Statutes of 1951 of the State of California, as amended, and the Law including all laws amendatory thereof and supplemental thereto. The Bonds are additionally issued pursuant to the Water Utility Parity System Master Resolution, the Indenture and the resolution authorizing the issuance of the Bonds. Reference is

hereby made to the Water Utility Parity System Master Resolution and the Indenture (copies of which are on file at the office of Valley Water) and all supplements thereto for a description of the terms on which the Bonds are issued, the provisions with regard to the nature and extent of the Water Utility System Revenues, and the rights thereunder of the Owners of the Bonds and the rights, duties and immunities of the Trustee and the rights and obligations of Valley Water hereunder, to all of the provisions of which the Registered Owner of this Bond, by acceptance hereof, assents and agrees. The Bonds have been issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof.

The Bonds have been issued by Valley Water to finance the acquisition and/or construction of certain equipment and facilities within Valley Water's Water Utility System, to reimburse itself for costs previously expended to finance such equipment and facilities, to refund certain obligations of Valley Water and to pay costs of issuance of the Bonds, as more fully described in the Indenture.

This Bond and the interest, premium, if any, hereon and all other Bonds and the interest and premium, if any, thereon (to the extent set forth in the Water Utility Parity System Master Resolution and the Indenture) are special obligations of Valley Water, payable exclusively from the Net Water Utility System Revenues of the Water Utility System and other moneys pledged and assigned therefor under the Water Utility Parity System Master Resolution and the Indenture and Valley Water is not obligated to pay this Bond except from the Net Water Utility System Revenues and other funds described in the Indenture and in the Water Utility Parity System Master Resolution. As and to the extent set forth in the Water Utility Parity System Master Resolution and the Indenture, all of the Water Utility System Revenues are irrevocably pledged in accordance with the terms hereof and the provisions of the Water Utility Parity System Master Resolution and the Indenture, to the payment of the principal of and interest and premium (if any) on the Bonds.

The Indenture and the rights and obligations of Valley Water and of the Owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental thereto. No such modification or amendment shall: (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or premium (if any) thereon, or extend the time of payment, or change the rate of interest or the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, without the consent of the Owner of each Bond so affected; (ii) reduce the percentage of Owners required to provide consent or direction under the Indenture or (iii) reduce the percentage of Owners of any Bonds or Contracts (as Bonds and Contracts are defined in the Water Utility Parity System Master Resolution) required to provide consent to amendments or modifications of the Water Utility Parity System Master Resolution as set forth in the Indenture. The Indenture and the rights and obligations of Valley Water, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a supplemental indenture if the Trustee shall receive an opinion of Bond Counsel to the effect that the provisions of such supplemental indenture shall not materially adversely affect the interests of the Owners of the Outstanding Bonds.

The Water Utility Parity System Master Resolution may be amended or modified by Valley Water by a supplemental resolution thereto with the consent of a majority of the Owners of outstanding Bonds and Contracts (as Bonds and Contracts are defined in the Water Utility Parity System Master Resolution); provided, however, that Valley Water may modify or amend the Water Utility Parity System Master Resolution at any time without the consent of Owners of outstanding Bonds and Contracts (as Bonds and Contracts are defined in the Water Utility Parity System Master Resolution) by a supplemental resolution thereto to the extent permitted in the Indenture.

The Bonds shall be subject to extraordinary redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date in integral multiples of \$5,000 from Net Proceeds, upon the terms and conditions of, and as provided for in the Water Utility Parity System Master Resolution, at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

The [2024C] [2024D] Bonds shall be subject to redemption prior to their respective stated maturities, as a whole or in part on any date in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date, on or after June 1, 20\_\_ at a Redemption Price equal to the principal amount thereof plus accrued interest thereon to the Redemption Date, without premium.

[The 2024C Bonds with stated maturities on June 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot), on each June 1 on and after June 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest evidenced thereby to the Redemption Date, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>
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\* Final Maturity.

The 2024D Bonds with stated maturities on June 1, 20\_\_ are subject to mandatory sinking fund redemption in part (by lot), on each June 1 on and after June 1, 20\_\_, in integral multiples of \$5,000 at a Redemption Price of the principal amount thereof plus accrued interest evidenced thereby to the Redemption Date, without premium, in accordance with the following schedule:

<i>Redemption Date</i> <i>(June 1)</i>	<i>Principal</i> <i>Amount</i>
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\* Final Maturity.



The 2024D Bonds shall be subject to redemption prior to June 1, 20\_\_ at the option of Valley Water, as a whole or in part on any Business Day in the order of maturity as directed in a Written Request of Valley Water provided to the Trustee at least 30 days (or such lesser number of days acceptable to the Trustee in the sole discretion of the Trustee, such notice for the convenience of the Trustee) prior to such date at the "Make-Whole Redemption Price." The "Make-Whole Redemption Price," as determined by Valley Water, is the greater of (1) 100% of the principal amount of the 2024D Bonds to be redeemed; or (2) the sum of the present value of the remaining scheduled payments of principal of and interest to the maturity date on the 2024D Bonds to be redeemed, not including any portion of those payments of interest thereon accrued and unpaid as of the date on which the 2024D Bonds are to be redeemed, discounted to the date on which the 2024D Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate plus the Applicable Spread, in each case plus accrued and unpaid interest on the 2024D Bonds to be redeemed on the date of redemption. The term "Applicable Spread" means, (i) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_ basis points; (ii) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_ basis points; (iii) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_ basis points; (iv) with respect to the 2024D Bonds maturing on June 1, 20\_\_, through June 1, 20\_\_, inclusive, \_\_ basis points; and (v) with respect to the 2024D Bonds maturing on June 1, 20\_\_, \_\_ basis points.]

As provided in the Indenture, notice of redemption shall be mailed by the Trustee by first class mail at least 20 days but not more than 60 days prior to the Redemption Date to the respective Owners of any Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, but neither the failure to receive such notice nor any defect in the notice or the mailing thereof shall affect the validity of the proceedings for redemption or the cessation of accrual of interest thereon from and after the Redemption Date.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the Redemption Date.

If an Event of Default, as defined in the Indenture, shall occur, the principal of all of the Bonds and the interest accrued thereon may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture, but such declaration and its consequences may be rescinded and annulled as further provided in the Indenture.

This Bond is transferable by the Registered Owner hereof, in person or by his or her duly authorized attorney in writing, at said Office of the Trustee but only in the manner subject to the limitations and upon payment of the taxes and charges provided in the Indenture and upon surrender and cancellation of this Bond. Upon registration of such transfer, a new Bond or Bonds of the same series, of authorized denomination or denominations, for the same aggregate principal amount of the same maturity will be issued to the transferee in exchange therefor.

Bonds may be exchanged at said Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations of the same series and same maturity, but only in the manner, subject to the limitations and upon payment of the taxes and charges provided in the Indenture.

The Trustee shall not be required to register the transfer or exchange of any Bond during the period in which the Trustee is selecting Bonds for redemption or any Bond that has been selected for redemption.

Valley Water and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and Valley Water and the Trustee shall not be affected by any notice to the contrary.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time, form and manner as required by the Indenture and the laws of the State of California and that the amount of this Bond, together with all other indebtedness of Valley Water, does not exceed any limit under any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture or become valid or obligatory for any purpose until the certificate of authentication hereon endorsed shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, Valley Water has caused this Bond to be executed in its name and on its behalf with the manual or facsimile signature of its Chair as of this \_\_\_<sup>th</sup> day of \_\_\_\_\_, 2024.

SANTA CLARA VALLEY WATER DISTRICT

By: \_\_\_\_\_  
Its: Chair of the Board of Directors

Attest:

\_\_\_\_\_  
Clerk of the Board of Directors

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION  
TO APPEAR ON BONDS]

This is one of the Bonds described in the within-mentioned Indenture.

Dated: \_\_\_\_\_, 2024

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

By: \_\_\_\_\_  
Its: Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_  
\_\_\_\_\_

(Name, Address and Tax Identification or  
Social Security Number of Assignee)

the within registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_  
\_\_\_\_\_ attorney, to transfer the same on the registration books of the Trustee  
with full power of substitution in the premises.

Dated: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
Note: Signature guarantee shall be made by  
a guarantor institution participating in the  
Securities Transfer Agents Medallion Program  
or in such other guarantee program acceptable  
to the Trustee.

**EXHIBIT B**  
**THE PROJECT**

The Project shall consist of the following facilities and equipment related to the Water Utility System:

Anderson Dam Tunnel: consists of a diversion system to augment the existing outlet at Anderson Dam which includes a new diversion tunnel, an outlet structure, a micro-tunnel lake tap, and modifications to Coyote Creek downstream of the base of Anderson Dam, and associated work and improvements.

10-Year Pipeline Rehabilitation: consists of inspection, planning, design, construction and replacement activities associated with Valley Water's large diameter pipeline management strategy.

Vasona Pump Station Upgrade: consists of improvements to the Vasona Pump Station including replacing aging pumps, motors, drives valves, actuators and election and control systems.

RWTP Reliability Improvement: consists of new facilities at the Rinconada Water Treatment Plant to improve plant reliability which includes construction of a new filter building, implementation of raw water ozonation and increase in treatment capacity to 100 million gallons per day.

**EXHIBIT C**

**FORM OF REQUISITION**

**FORM OF WRITTEN REQUEST FOR REQUISITION FROM ACQUISITION AND  
CONSTRUCTION FUNDS**

\$207,285,000

SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BONDS  
SERIES 2024C AND TAXABLE SERIES 2024D

The undersigned hereby states and certifies:

(i) that the undersigned is the duly appointed, qualified and acting [Title of Authorized Officer] of the Santa Clara Valley Water District (“Valley Water”), and as such, is familiar with the facts herein certified and is authorized to certify the same;

(ii) that, pursuant to Section 3.05 of that certain Indenture of Trust, dated as of January 1, 2024 (the “Indenture”), by and between Valley Water and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”), the undersigned hereby requests the Trustee to disburse the following amounts from the Series 2024[A][B] Acquisition and Construction Fund established under the Indenture, to the payees designated on the attached Exhibit 1;

(iii) that each obligation mentioned herein has been incurred by Valley Water and is a proper charge against the indicated Series 2024[A][B] Acquisition and Construction Fund;

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

SANTA CLARA VALLEY WATER DISTRICT

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[Title of Authorized Officer]

EXHIBIT 1

ACQUISITION AND CONSTRUCTION FUND DISBURSEMENTS

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

**EXHIBIT D**

**FORM OF CERTIFICATE FOR PROJECT SUBSTITUTION/ADDITION/DELETION**

**\$207,285,000  
SANTA CLARA VALLEY WATER DISTRICT  
WATER SYSTEM REVENUE BONDS  
SERIES 2024C AND TAXABLE SERIES 2024D**

The undersigned hereby states and certifies pursuant to Section 3.05 of the Indenture of Trust, dated as of January 1, 2024 (the “Indenture”), by and between the Santa Clara Valley Water District (“Valley Water”) and U.S. Bank Trust Company, National Association that:

(1) Each component of the Project (as defined in the Indenture) will be [substituted/deleted/added] as set forth in Exhibit A hereto.

(2) The estimated costs of construction, acquisition and/or installation of the [substituted/deleted/added] improvements are not less than such costs for the previously planned components of the Project [and/or Valley Water has sufficient funds or 2024 Bonds proceeds to construct and/or acquire the substituted or added improvements];

(3) The [substituted/deleted/added] improvements will not adversely affect the payment of principal of, and interest on, the 2024C Bonds.

(4) The improvements to be [substituted/added] are eligible to be financed pursuant to Measure B approved by the voters of Valley Water on November 6, 1984.

SANTA CLARA VALLEY WATER DISTRICT

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[Title of Authorized Officer]



## **EXHIBIT A**

The following improvements are hereby [substituted/deleted/added]:

*Project Improvements  
to be  
[Substituted/Deleted/Added]*

## **CONTINUING DISCLOSURE AGREEMENT**

THIS CONTINUING DISCLOSURE AGREEMENT dated as of January 1, 2024 (the “Disclosure Agreement”) is executed and delivered by the Santa Clara Valley Water District (“Valley Water”) and U.S. Bank Trust Company, National Association, as dissemination agent (the “Dissemination Agent”), in connection with the issuance of the Santa Clara Valley Water District Water System Revenue Bonds, Series 2024C and Taxable Series 2024D (collectively, the “Bonds”). The Bonds are being issued pursuant to Resolution No. 24-\_\_\_\_ adopted by the Board of Directors of Valley Water on January 9, 2024 (the “Resolution”) and an Indenture of Trust, dated as of January 1, 2024, by and between Valley Water and U.S. Bank Trust Company, National Association, as trustee (the “Indenture”). Valley Water and Dissemination Agent, covenant as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by Valley Water and U.S. Bank Trust Company, National Association, as Dissemination Agent, for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as defined below).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Indenture and the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by Valley Water pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, or any successor Dissemination Agent designated in writing by Valley Water and which has filed with Valley Water a written acceptance of such designation.

“EMMA” shall mean the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for municipal securities disclosures, maintained on the World Wide Web at <https://emma.msrb.org/>.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“Official Statement” shall mean the Official Statement relating to the Bonds dated \_\_\_\_\_, 2024.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean EMMA, or a successor repository designated by the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) Valley Water shall, or shall cause the Dissemination Agent to, not later than each April 1, commencing with the report due on April 1, 2025, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of Valley Water may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date.

(b) Not later than fifteen (15) Business Days prior to said due date of each Annual Report, Valley Water shall provide the Annual Report to the Dissemination Agent (if other than Valley Water). If Valley Water is unable to provide to the Repositories an Annual Report by the date required in subsection (a), Valley Water shall send, or cause to be sent, a timely notice to the Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Repository, if any; and

(ii) if the Dissemination Agent is other than Valley Water, file a report with Valley Water certifying that the Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided.

SECTION 4. Content of Annual Reports. Valley Water’s Annual Report shall contain or include by reference the following:

(a) The audited financial statements of Valley Water for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If Valley Water’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they come available.

(b) If not included in the audited financial statements, any change of the financial information and operating data with respect to Valley Water, for only the most recent fiscal year of Valley Water then ended, as described in the following tables in the Official Statement:

(i) DEBT STRUCTURE OF THE DISTRICT — Schedule of Long-Term Indebtedness;

(ii) WATER UTILITY SYSTEM — Historical Water Rates (Dollars (\$) per Acre-Foot);

(iii) WATER UTILITY SYSTEM — Historical Sales Revenues; and

(iv) FINANCIAL INFORMATION OF THE DISTRICT — Santa Clara Valley Water District Historical Operating Results & Debt Service Coverage;

provided however if such operating results and debt service coverage can be derived from the audited financial statements required to be filed in section 4(a) above, failure to file a separate table under this Section 4(b) shall not constitute a default hereunder.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of Valley Water or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. Valley Water shall clearly identify each such other document so included by reference.

#### SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, Valley Water shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event:

1. principal and interest payment delinquencies;
2. unscheduled draws on debt service reserves reflecting financial difficulties;
3. unscheduled draws on credit enhancements reflecting financial difficulties;
4. substitution of credit or liquidity providers, or their failure to perform;
5. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability or Notices of Proposed Issue (IRS Form 5701 TEB);
6. tender offers;
7. defeasances;
8. ratings changes;
9. bankruptcy, insolvency, receivership or similar proceedings; and
10. default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

Note: For the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) Pursuant to the provisions of this Section 5, Valley Water shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. unless described in Section 5(a)(5), other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other events affecting the tax status of the Bonds;

2. modifications to the rights of Bond holders;

3. optional, unscheduled or contingent Bond redemptions;

4. release, substitution or sale of property securing repayment of the Bonds;

5. non-payment related defaults;

6. the consummation of a merger, consolidation, or acquisition involving Valley Water or the sale of all or substantially all of the assets of Valley Water, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. appointment of a successor or additional trustee or the change of the name of a trustee; and

8. incurrence of a financial obligation, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bond holders.

(c) If Valley Water determines that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, Valley Water shall file, or cause to be filed, a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

(d) While the failure to file a notice of the occurrence of a Listed Event under Section 5(a)(8) shall constitute non-compliance with the terms hereof and may be required to be disclosed by Valley Water in accordance with the Rule, failure shall not constitute an event of default hereunder if (i) Valley Water did not receive written notice of such rating change from the respective rating agency, (ii) the rating change was a result of a change in the rating of a liquidity or credit

enhancement and the market was generally aware of the change in the rating of such liquidity or credit enhancer or (iii) the rating agency filed a notice of such rating change with the Repository.

(e) For purposes of the events identified in subparagraphs (a)(10) and (b)(8), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

SECTION 6. Termination of Reporting Obligation. Valley Water’s obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, Valley Water shall give, or cause to be given, notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 7. Dissemination Agent. Valley Water may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by Valley Water pursuant to this Disclosure Agreement. The Dissemination Agent may resign by providing thirty (30) days’ written notice to Valley Water; provided, however, that such resignation will not become effective until Valley Water has secured a successor Dissemination Agent in accordance with the terms of this Disclosure Agreement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, Valley Water may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that, in the opinion of nationally recognized bond counsel, such amendment or waiver is permitted by the Rule. In the event of any amendment or waiver of a provision of this Disclosure Agreement, Valley Water shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by Valley Water. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(c), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent Valley Water from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If Valley Water chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, Valley Water shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of Valley Water to file an annual report under Section 4 hereof or to file a report of a significant event under Section 5 hereof, any Owners or Beneficial Owners of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause Valley Water to make such filing. Notwithstanding the foregoing, no action may be undertaken by Owners or Beneficial Owners of the Bonds with respect to the accuracy of the information contained in any such filing or otherwise without the approval in writing of Owners or Beneficial Owners of at least 50% of the aggregate principal amount of the Bonds. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of Valley Water to comply with this Disclosure Agreement shall be an action to compel performance.

No Owners or Beneficial Owners may institute such action, suit or proceeding to compel performance unless they shall have first delivered to Valley Water satisfactory written evidence of their status as Owners or Beneficial Owners and a written notice of and request to cure such failure, and Valley Water shall have refused to comply therewith within a reasonable time.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied duties or obligations shall be read into this Disclosure Agreement against the Dissemination Agent, and Valley Water agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall be paid compensation by Valley Water for its services provided hereunder in accordance with its schedule of fees provided to Valley Water and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of Valley Water under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds. The Dissemination Agent has no power to enforce the nonperformance on the part of Valley Water.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of Valley Water, the Dissemination Agent, the Participating Underwriter and Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SANTA CLARA VALLEY WATER DISTRICT

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

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION

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



**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Obligated Person: SANTA CLARA VALLEY WATER DISTRICT

Name of Obligations: SANTA CLARA VALLEY WATER DISTRICT WATER  
SYSTEM REVENUE BONDS, SERIES 2024C AND  
TAXABLE SERIES 2024D

Date of Issuance: \_\_\_\_\_, 2024

NOTICE IS HEREBY GIVEN that Valley Water has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed by Valley Water on the date of execution and delivery of the Bonds. Valley Water anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

SANTA CLARA VALLEY WATER DISTRICT

By: [no signature required; form only]

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